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**AFRICA–CHINA RELATIONS: NEOCOLONIALISM
OR STRATEGIC PARTNERSHIP?**

ETHIOPIA AS A CASE ANALYSIS

**A Final Thesis Presented to
The Academic Department
Of the School of Business and Economics
In Partial Fulfillment of the Requirements
For the Degree of Doctor in International Relations**

ATLANTIC INTERNATIONAL UNIVERSITY

HONOLULU, HAWAII

JANUARY 2013

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Acknowledgements

Numerous people have assisted me with the writing of this thesis. If the finished product has any scientific merits, this is largely due to the advice and guidance and criticisms I have received from my advisors, Dr. Gilroy Newball and Ms. Linda Collazo, who have patiently and relentlessly assisted me right from the beginning in my research and study programs at Atlantic International University, Honolulu, Hawaii, USA. Their responsible and close follow up made it possible for the completion of my study at the University. I am deeply indebted to their ceaseless intellectual contribution and continual warm encouragement.

I am also equally grateful for the special and continual support given to me by the Academic Department and Student Services of the University. As a student at Atlantic International University, I have been privileged to benefit from working on a number of research course assignments, and I wish to thank all who involved in the evaluation of my work and for making my study a pleasant and resourceful one.

I am also grateful to my friends at the Library of the African Union Commission for closely assisting me in investigating the necessary materials and books. I also would like to extend my high appreciation to the online Library of Atlantic International University for allowing me to use its resourceful archives. I am also deeply indebted to my close family members and colleagues who have always encouraged me in my work.

I would especially like to thank my wife, Tiruwork Nimani, and my children- Anteneh, Nebiyu, Zinash, Michael, Selam and Emnet, for their courage, support, love and inspiration. Without their understanding and affection, this work would not have been realized successfully. I, therefore, dedicate this book to them.

Without, the support of all these people, this work could not have been pursued to completion.

The views expressed in this thesis are my own.

Fantahun H.Michael

January 2013

CHAPTER I: INTRODUCTION

1.1. Background

China's recent growing presence in Africa nearly over a decade is a reflection of its broader emergence as a global power. In the wake of its rapid economic development as the second largest economy in the world today, and of its growing role in the global geo-political arena, there are increasing heated debates around the world on the kind of development path and foreign policy China is pursuing, and how it affects the rest of the world, including Africa. The traditional friendship between China and Africa dates far back in history. The New AU Conference and Office Complex Facility (picture on cover page) donated by China as a gift to Africa as the Headquarters of the African Union in Addis Ababa, Ethiopia, symbolizes this long standing partnership between Africa and China. The Chinese people and the people of Africa have all along given sympathy and support to each other in their struggle for national independence, and in their efforts in nation-building and socio-economic development. Both regions claim to share a number of common historical values, which have also served to lay reasons for the evolving good relationships between the two sides.

China now with a population of over 1.3 billion is the biggest developing nation in the world and Africa with 55 states has a population of 1.02 billion is a continent with the largest number of developing countries. Looking at the background of their relations, the Bandung Conference, Indonesia, in 1955 became a historical land mark for China and developing countries to forge a strategic alliance against the West. This was an initial stage for the People's Republic of China to interact face to face with the representatives of six African states at the conference. It also opened a window thereafter for China to offer economic, technical, political and military support to African countries and liberation movements.

The long standing traditional relations between Africa and China dramatically entered into a new historical phenomenon since the end of the Cold War and the fall of the Soviet Union. The Changes and new developments that have taken on the international scene as well as in Africa and China have provided favorable environment for the Africa-China relations to flourish. Yet, Africa and China seemingly could not have more contrasting circumstances. China has been growing at very high speed, lifting hundreds of millions of people out of poverty, expanding its global footprint, and becoming a modern and global power. While most African states have been struggling to come out of the marginalization of the global economy, and mired in multiple challenges of development, chronic poverty and other socioeconomic ills. Focusing on the matrices of economics, conventional wisdom has it that poor countries suffer from a development 'vicious circle': predominant subsistence production inhibits accumulation of savings; low savings means low investment (in physical and human capital); low investment stunts growth (UNCTAD 2004: Overview). This scenario is

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applied to Africa, where economies are typically small, poorly integrated (both internally and with global economy), and investment starved and underdeveloped.

What, then, are the key reasons in China's contemporary relations with African countries? How are these relations likely to develop? Most importantly, what are the implications for Africa's development? Beginning with political, Cold War relations between Africa and China were of selflessness nature, often underpinned by common ideologies and approaches to social development, as well as China's explicit competition with the Soviet Union for influence and privilege. Driven by ideological concerns, China harbored lofty ambitions of 'non-aligned third world leadership'. In comparison, the relationship today is motivated far less by ideology than pragmatic economic needs. In this perspective, China's national interests and geo-strategic calculations- sustaining economic growth and industrial development- are the prime concerns of Chinese leadership.

Further looking at the economic back ground, Africa in its international relations has experienced turbulent times of conflicts, violence and wars at different stages of its history, and this had tremendous implications on what Africa is today, which are in detail discussed. The circumstances that led Africa into catastrophic consequences include: the European trans- Atlantic slave trade from Africa in the 16th and 17th centuries; the onset of colonialism following the Berlin Conference in 1884 on the partition of Africa by European powers; and the post-colonial African situation, ushered in the nominal achievement of independence by African states, but the legacy of colonialism continued with negative effects on the political, economic and social conditions of the continent. Africa inherited only weak institutions of governance, ethnic conflicts and political instability. The African economy by and large continued to be predominantly agricultural and dependent on European economies.

It is evident that the problem has been exacerbated by dependence on a small range of commodity exports to meet foreign –exchange requirements and debt servicing, resulting in a long - term decline in these countries` terms of trade. Supply- side deficiencies, principally poor physical and poor business infrastructure, and low levels of human resource development further inhibited market integration and investment prospects. Problems further have been compounded by chronic balance of payments difficulties, characterized by large current account deficits. This indeed inhibited the ability to import goods and services critical to domestic production and consumption, further entrenching the circle (Nnadozie and Elhiraika, 2005). It has also been a critical challenge for Africa to boosting domestic savings and investment, thereby placing the economy in question on a higher long –run growth path. Africa has continuously struggled to attract foreign capital in any greater quantity, and its export performance has steadily worsened since the 1970s. Attraction of foreign direct investment (FDI) has also been very marginal compared to the rest of the developing world. The foreign aid that Africa received did have more of negative

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consequences on national development due to the facts how aid had been channeled and badly utilized.

More importantly, the foreign investment Africa has attracted, particularly from former colonial powers, has largely been limited to natural-resource extraction. The chance for economic diversification, industrial upgrading, productivity improvements, and, ultimate growth has been difficult. The decline of African economies have also been characterized by the massive and continued flight of capital from the continent through the exploitation and control of its natural resources by the West and their companies, such as oil, other minerals and agricultural products with prices not fixed by the African countries or producers. The economies of the continent had also further been exposed to the many conditionalities, from economic to political, set by the West and the International Financial Institutions, such as the international Monetary Fund (IMF) and the World Bank (WB), in the 1970s and 1980s. Due to which, grants, aid and loans destined for Africa were tied to strict adherence to these conditionalities, popularly known as the Structural Adjustment Programs (SAPs).

The fragile economic situation across the continent in the immediate aftermath of the cold war speaking for itself demonstrating the reality that human security was nearly unachievable without foreign assistances. The situation was exacerbated by the surging of intrastate conflicts and social unrests. The reality then was that the new aid-driven foreign policy thrust produced severe consequences for foreign policy making and international diplomacy of African states. The emergence of aid and economic issues eclipsed non-economic concerns in foreign policy and relegated the latter to the margins. Thus, the consequences of the growing loss of control over policies relating to key economic issues was the menacing threat posed to Africa`s already tenuous sovereignty.

However, with the advent of the 21st century, Africa has begun to see light at the end of the tunnel. The African leaderships took the initiative in 2002 to adopt the New Partnership for Africa`s Development (NEPAD) for Africa`s renaissance with the objective to articulate an African-owned and African-driven development agenda and to strengthening the continent`s bargaining capacity with its development partners, which include the industrial Western countries, and the new emerging economies of the South. The creation of the African Union in 2002 was also crowned with the objective to facilitate the African political and economic integration processes, create peace and security and development, and enhance African international partnership.

China on the other hand, after 60 years of difficult period and progress, the country has today become the global economic and political power. It transferred from a centrally planned economy to a market economy. The year 1979 marks the start of the reform of the modern Chinese economy and led to a surge in China`s economic growth. Continuous reforms,

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visionary leadership, large scale capital investment and rapid productive growth have been characterized as the main reasons for China`s miraculous continuous economic growth.

The question then now is what the motivating factors are for Africa-China relations. From the perspective of China, it has two elements: China`s foreign policy strategy and Africa`s strategic importance. China`s policy of ‘going global’ has an inherent goal of building political and economic cooperation with states that could supersede earlier Cold War models of great power relations based on unmitigated struggles for power and domination. The Chinese African strategy is believed to be guided by six factors. First, nurture and expand its geopolitical influence aiming at promoting its national interest. Second, to sustain access to the continent`s rich natural resources. Third, to make inroads into an African market of over a billion people that is expanding rapidly. Fourth, to enhance its own political legitimacy and standing in Africa on the basis of the ‘One China Policy’ in an attempt to marginalize the Taiwan dilemma. Five, to craft new axes for South-South Cooperation, with Africa as one of the key pillars of forces in building a bloc under the championship of China within the calculation of a global political balance (Pere, Garth L, 2007).

From strategic points of view, China sees Africa as a strategically important force in its global policy. There are, however, counter views that China`s primary motive in Africa is to get access to Africa`s resources particularly oil and other minerals in order to feed its growing economy, and challenge the global power of the United States in Africa, which I have examined thoroughly in this paper. Nonetheless, the historical parameters explain well that Africa has always featured in grand strategic calculations of the great powers. The natural resource - rich Africa makes a third of the UN General Assembly and half of the Non-Aligned nations. The significance of Africa`s strategic importance, therefore, cannot be underestimated as an important factor for China`s growing interest in Africa.

Looking at the characteristics of the relationships, the Africa-China relationships have entered into a new area of development beginning 1990s with significant consequences for both sides. There is no colonial history between the two and no psychological bias against each other. Politically, Africa sees an opportunity to build an alliance with a growing world power which can support and advocate the African agenda on international scene. For China it sees an opportunity to obtain an African alliance for legitimacy of its global influence as a growing power. Economically, Africa views China as an alternative source of investment and support to its economic development. So, it becomes clear that the Africa-China relation is based on mutual interest and development. It has been evident that the Africa-China relations have developed for the last decade with the spirit of partnership, where the cooperation has expanded in all areas of development: trade, investment and science and technology. Different policy mechanisms have also been designed to forge the partnership and make it

fruitful. Consequently, the contribution of China in the African development has been very significant.

Just in the span of a decade, the Africa-China trade has grown from \$10 billion in 2000 to \$160 billion by the end of 2011 and expected to jump to \$170 billion by the close of 2012 creating huge markets for African exports and earnings. African exports to China have been given preferential treatments. In the same manner, the amount of Chinese development assistance and concessional loans has also grown in substantial amount. Chinese banks have as well extended credits to Africa in order to encourage trade and investments. The amount of soft loans the Government provided increased from \$5 billion in 2006 to \$20 billion in 2012. The Chinese engagement in investments, education, health, energy and communication has shown similar progress, which is explained concretely. Cumulative Chinese direct investment in Africa has also exceeded \$15 billion, with investment projects covering 50 countries. It is not without reason that today out of the ten fastest economies in the world, seven are from Africa. The Chinese contribution in this regard has been very significant.

However, as we will see in detail in the paper, there are some critics particularly from the West who are questioning the motive of China's engagement in Africa, and argue that it is neocolonial in nature not partnership, in a relation they argue that China has a decisive control on the outcome of the multiple engagements. In order to prove the reality of the truth, and examine the problem in question, the Ethiopia-China relation has been considered as a case study. The Ethiopia-China relation has shown significant growth since 1991. Chinese FDI has been flowing from China in large amount, trade and investment activities have expanded, particularly in infrastructural and energy sectors. Ethiopia by any standard of measurement has proved to be a model for success story of the Africa-China relations as has been analyzed under the chapter.

1.2 Objectives of the Study

Given the broad context of the nature of the Africa-China relations and the framework of arguments expressed with respect to the motive of China's engagement, the general objective of the study is to survey and analyze the problem to prove the crucial question whether the characteristic of the Africa-China relations is Neocolonial or Strategic Partnership in nature.

The topic is selected because of the growing interests and concerns among the academic communities, political leaders, diplomats and experts as to understand the motive of China's engagement in Africa, which is seen both as an opportunity and a threat. There are two methodological problems that need to be taken. The first deals with the objective to be assessed, and the second consideration concerns the problem why there is a concern

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particularly from the West about the growing China`s engagement with Africa. As a matter of fact, the Africa-China relations have not been given so far much attention to study as most literatures on African international relations for long time have mainly been related to the West. Most of the existing literature which I found on China`s relations with Africa are focusing on isolated issues of interest. I am of the view that the study under this thesis is unique and original in terms of its concrete coverage of interrelated issues which could be quantified to the reality.

As the surge of China`s global influence and its growing involvement in Africa has become a new genre in the study of Africa`s international relations, significant issues have been raised whether China does present an opportunity to Africa or a threat. This new phenomenon definitely has now drawn the attention of many to find out why.

Given the miraculous growth of China as a global power in a short period of time and its implications on the world, and its deepening engagement with Africa, I found it very crucial to undertake such a project in the view to make a modest contribution to the search for study on Africa-China relations. Indeed given to the scarcity of the much required literature, any research work on Africa-China relations would be a daunting task.

The analysis will be made in the framework of assessing the behavior and motives of China and its African Policy in the context of its engagement with Africa and the implications of the relations on African economic development in general, and Ethiopian in particular as a case study.

The specific objectives of the study are:

- Depict the trends of the Chinese African policy.
- Assess the trends in the political and diplomatic activities of China with African states, bilateral and multilateral.
- Examine the manner and purpose in which the loans and assistances are provided by China to Africa.
- Assess the growing trade and investment and other relations between Africa and China, and their implications.
- Identify factors that pose challenges on the relations between Africa and China, and their implications on the relations.
- Assess the overall contributions of China in the development of Africa.
- Examine the Ethiopia-China relations as a case study using the same variables of assessment of the outcome of engagement.
- Examine the different arguments and opinions reflected with respect to the motive of China`s policy in Africa.

- Put forward policy recommendations emanating from the findings of the study.
- Finally, make analysis of personal perspectives on local, national and international levels on Chinese contributions to development

1.3 Research Methodology and Data

The study has collected secondary data from various sources. Descriptive statistical technics and qualitative methods used to analyze the data. The results of the analysis are presented with due discussions and assessments with empirical studies conducted on the relations between Africa and China in general, and Ethiopia and China in particular as a case study. The major data sources of the study include, but not limited to, the Ministry of Commerce of China; the Economic and Commercial Counsel of the Embassy of China; the Ethiopian Investment Authority; Ethiopian Ministry of Trade. Written valuable materials and books, primary and secondary, from various sources have been used on the Africa-China relations, and Ethiopia-China relations- covering political, diplomatic, economic and social areas. I have also immensely benefitted from the library of the African Union in Addis Ababa, Ethiopia, and the online Library of Atlantic International University, Honolulu, Hawaii, USA. In the economic domain a focus was made mainly on trade; investment in various sectors, including infrastructure, manufacturing, communication, education and health; development assistance and aid.

Therefore, attempts have been made to scrutinize the reliability and tenability of these source materials I intend to utilize for the purpose of writing the paper.

1.4. Scope and Limitations of the Work

The survey will focus on the following issues:

- Providing a brief background on the economic situations of Africa, China and Ethiopia so as to obtain a clear picture on account of the evolution of relations between Africa and China, and Ethiopia and China.
- Limiting the timeframe of the work on the Africa-China relations mainly analyzing developments after the 1990s.
- A special focus in the work is restricted only to the economic relations in the study.
- Identifying the development opportunities that are created due to the on-going relations and strategic partnership. The level of trade exchanges, investments, grants and assistances, and the multilateral mechanisms used in order to facilitate the strategic relations will also be examined, and the implications on African development will be looked into.
- An overall evaluation of the relations will be made with some recommendations.

1.5. Organization of the Study

The study of this thesis is organized into seven chapters. The First Chapter is introductory, where an overview of the study, objective of the study and organization of the work have been provided. The Second Chapter provides the theoretical frameworks for the study. The first two are interrelated theoretical concepts: Neocolonialism and Dependency theories, and the second one is the conceptual understanding of Strategic Partnership as a contrasting view to the first two have been examined in order to analyze and answer the question whether the Chinese engagement with Africa is neocolonial or strategic partnership in nature. The Third Chapter presents an overview of the economic situation of Africa and China as a background of the study on Africa-China relations. This is done with the objective to assess the economic situations that have evolved in Africa and China in recent history and the factors that have influenced the relations between the two. The Fourth Chapter draws on analysis of the Africa- China relations in the context of conceptualizing China`s economic activities in Africa, and assess the implications on the African economic development. The Fifth Chapter presents the Ethiopia-China relations as a case study. The implications of the Chinese engagement on the Ethiopian economic development will be assessed in the light of the theoretical frameworks provided. The Six Chapter examines the contrasting views and arguments on China`s emerging engagement with Africa. Critical evaluation of the views and arguments will finally be made. The Seventh Chapter will in conclusion make the last wrap up of the result of the work discussed under different chapters, providing recommendations on the way forward and presenting my personal perspectives on the analysis of the Chinese contribution to development on local, national and international levels. Finally, details of the references of the study will be provided.

CHAPTER II: THEORETICAL FRAMEWORK

In this part of the thesis, I will start discussing the main themes of theories that have been considered as relevant for the purpose of this study. To this end, I will focus on three main theories. The first two are conceptually interrelated and similar in objective but presented for purpose of better clarity: Neocolonialism, and Dependency theories. The third one is the concept of Strategic Partnership, considered as a contrasting view to the first. The second aim will then be to lay the basic essence of understanding of the theories within the context of the political economy of international relations so that we will able to assess and examine through which the characteristics and nature of the relations between Africa and China with particular focus of events that have evolved after the end of the Cold War. This will help us to justify and prove the fact whether the characteristic of the engagement between Africa and China is neocolonial or strategic partnership in nature.

NEOCOLONIALISM

The concept and writings of neocolonialism developed in the post-colonial period of the 1960s by Marxian theorists as synonym for contemporary forms of imperialism, or an indirect form of control through economic and cultural means. The concept was applied most commonly to Africa in the latter half of the twentieth century and popularly being amplified and studied by scholars of political science. The concept is believed to have several theoretical influences and predominantly it owes to Marxist thinking. Postcolonial intellectuals, however, find it very contentious because it is multifaceted and loosely used as a synonym for contemporary forms of imperialism, and usually controversially used in reaction to any unjust and oppressive expression of the West. Contrary to the direct control system of colonial territories by the colonial powers, neocolonialism suggests an indirect form of control through economic and cultural dependence. Scholars in postcolonial studies like Robert Young (2001), Bill Ashcroft, Gareth Griffiths, and Helen Tiffin (1998) agree in expression that neocolonialism describes the continued control of former colonies through ruling native elites compliant with neocolonial powers; the populations are exploited for labor and resources in order to feed for the badly needed finished physical or cultural commodities made by the metropolis.

Scholars in the field agree that despite the looseness of the concept, the term neocolonialism was well-articulated by Dr. Kwame Nkrumah, the first President of Ghana (1960-66), as the last stage of Imperialism (1965). He said in his book that:

The result of neocolonialism is that foreign capitalism is for the exploitation rather than for the development of the less developed parts of the world. Investment under neocolonialism increases, rather than decreases the gap between the rich and the poor nations. The struggle against neocolonialism is not aimed at excluding the capital of the developed world from operating in less developed countries. It is aimed at preventing the financial power of the developed countries being used in such a way as to impoverish the less developed ones (Nkrumah, Kwame, 1965).

Nkrumah became aware of the fact that the gaining of independence and national sovereignty by African countries did not substantially alter their relationships with the colonial powers. Consequently, he then believed that the formal granting of independence rather created a system of dependency and exploitation. In this context, Nkrumah adds the following points:

- It continues to actively control the affairs of the newly independent states.

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- In most cases neocolonialism is manifested through economic and monetary measures. For example, the neocolonial territories became the target markets for imports from the imperial centers.
- While neocolonialism is may be a form of continuing control by a state`s previous formal colonial master, the sates may also become subjected to imperial power by new actors. These new actors include the United States or may be international financial and monetary organizations.
- Because of the nuclear parity between the superpowers, the conflict between the two take place in the form of “limited wars.” Neocolonial territories are often the places where these “limited wars” are waged.
- As the ruling elites pay constant deference to the neocolonial masters, the needs of the population are often ignored, leaving issues of living conditions like education, development, and poverty unresolved.

Neocolonialism is also conceptually understood as the geopolitical practice of using capitalism, business globalization, and cultural imperialism to control a country, in lieu of either direct military control or indirect political control (Wikipedia). It is also important to further elaborate that in post-colonial studies, the term neocolonialism conceives the domination of the social, economic and cultural practices of the developed world in the affairs of the developing world. Many still argue that despite the end of colonialism, the former colonial powers including the other rich western nations continue to use past and new international economic mechanisms of domination of the former colony countries. It also includes a disproportionate involvement of western capitalist business in the economy of a developing country, whereby multinational corporations continue to exploit the natural resources and the people of the former colony; that such economic control is inherently neo-colonial, and thus is akin to the imperial and hegemonic varieties of colonialism practiced by the empires of Great Britain, France, and other European countries, from the 16th to the 20th centuries (United Nations General Assembly Resolutions 1514 and 1541).

Critics of neo-colonialism further explains that investment by multinational corporations enriches few in developed countries, and causes humanitarian, environmental and ecological devastation to the populations which inhabit the developing nations, whose “ development” and economy is now dependent on foreign markets and large scale trade agreements, which results in unsustainable development and perpetual underdevelopment; a dependency which cultivates those countries as reservoirs of cheap labor and raw materials, while restricting their access to advanced production techniques to develop their own economies. Critics of neocolonialism also argue that neocolonial praxis allows certain cartels of state-supported organizations, such as the World Bank and the International Monetary Fund, to control and

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exploit the underdeveloped countries by fostering un-payable national debts and conditions of granting loans (Wikipedia on neocolonialism).

According to some scholars like Rodney and Amin, rich industrialized western nations dominated the economies of African countries through neocolonialism in several ways making them to be the exporter of raw materials with prices not set by them. Furthermore, the extraction and export of minerals could not serve to develop an African economy, because minerals taken from Africa by the Western-owned corporations were shipped to Europe or America, where they were turned into manufactured goods, which were then resolved to African consumers at value-added prices.

The other method of neocolonialism, according to the scholars in the theory, is foreign aid. The inability of their economies to develop after independence soon led many African countries to look for aid from Europe or America. They note as evidence that most foreign aid has been given in the form of loans bearing high rates of interests with strict conditions of adherence. This as many believe has resulted in the underdevelopment of African countries as they have been made major recipients of aid not investments and technology, and exporters of raw materials not industrial.

Further argue that the forces of neocolonialism did not limit to the former colonial powers alone. It also includes other Western nations such as the United States as the dominant power. Many theorists thus believe that the increased levels of Western aid and intervention in the affairs of independent African states were designed to keep African countries within their sphere of influence. As under direct colonial rule, the relationship between center and periphery or metropolis and satellite is said to involve the export of capital from the former to the latter, a reliance on Western manufactured goods and services which thwarts indigenous development efforts; further deterioration in the terms of trade for the newly independent countries; and a continuation of the processes of cultural Westernization which guarantee the West's market outlets elsewhere in the world (Encyclopedia.com). Adding to this, the operations of transnational corporations in the Third World are also seen as the principal agents of contemporary neocolonialism, since these are seen as exploiting local resources and influencing international trade and national governments to their own advantages. It is further argued that by using international law, corporate property rights, and the power of major commercial banks of the West could retain economic influence over dependent countries.

DEPENDENCY THEORY

As we will understand it, the theoretical explanation of neocolonialism is interchangeably conceived by scholars of the field as Dependent or Center-Periphery theories, which I shall try

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to illustrate. Scholars in the field share the same views and outlooks in explaining the phenomenon of the structural economic relations between the rich and developing world. Dependency Theory is believed to have developed in the late 1950s under the guidance of the Director of the United Nations Economic Commission for Latin America and the liberal reformer, Raul Prebisch (1964) and his colleagues were troubled by the fact that economic growth in the advanced industrialized countries did not necessarily lead to growth in the poorer countries. Their studies suggested that economic activity in the richer countries often led to serious economic problems in the poorer countries. Such a possibility was not predicted by neoclassical theory, which had assumed that economic growth was beneficial to all even if the benefits were not always equally shared (Ferraro, Vincent, 2008, pp58-64).

In this perspective, Prebisch's initial explanation for the phenomenon was very straightforward: poor countries exported primary commodities to the rich countries who then manufactured products out of those commodities and sold them back to the poorer countries. According to his theoretical analysis, the "Value Added" by manufacturing a useable product always cost more than the primary products used to create those products. Therefore, he concludes, poor countries would never be earning enough from their export earnings to pay for their imports. Prebisch suggested that poor countries therefore should embark on programs of import substitutions to reduce dependency and diversify their economies.

It is important to note here that dependency theory was viewed as well in different perspectives in explaining the persistent poverty of the poorer countries. The traditional neoclassical approach asserts that the poorer countries were late in coming to solid economic practices and that as soon as they learned the techniques of modern economics, then the poverty would begin to subside. However, Marxist theorists (Andre Gunder Frank, 1979) viewed the persistent poverty as a consequence of capitalist exploitation. And a new body of thought, called the World Systems Approach (Wallerstein, Immanuel, see in John Baylis and Steve Smith, 1999, pp125-145), which was influenced by the Marxist approach of explaining the world politics and argued that the poverty was a direct consequence of the evolution of the international political economy into a fairly rigid division of labor which the rich penalized the poor. Along the same view, Theotonio Dos Santos emphasizes the historical dimensions of the dependency relationships in his definition:

Dependency is... an historical condition which shapes a certain structure of the world economy such that it favors some countries to the detriment of others and limits the development possibilities of the subordinate economics...a situation in which the economy of a certain group of countries is conditioned by the development and expansion of another economy, to which their own is subjected (Dos Santos, Theotonio, 1971, p226).

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It is essential to elaborate further for purpose of clarity that Vincent Ferraro (2008) points out that there are three common features to the various views of dependency theory which most theorists share. First, dependency characterizes the international system as comprised of two sets of states, variously described as dominant/dependent, center/periphery or metropolitan/satellite. The dominant states are the advanced industrial nations in the Organizations of Economic Co-operation and Development (OECD). The dependent states are those states of Latin America, Asia, and Africa which have low per capita GNPs and which rely heavily on the export of single or limited commodities for foreign exchange earnings.

Second, in all views, external forces such as multinational corporations, international commodity markets, foreign assistance, communications, and any other means by which the advanced industrialized countries can represent their economic interests abroad are of singular importance to the economic activities within the dependent states.

Third, the definitions of dependency all indicate that the relations between dominant and dependent states are dynamic because the interactions between the two sets of states tend to not only reinforce but also intensify the unequal patterns. Moreover, dependency is a very deep-seated historical process, rooted in the internationalization of capitalism. Susanne Bodenheimer cites an example of Latin America saying that dependency is an ongoing process:

Latin America is today, and has been since the sixteenth century, part of an international system dominated by the now-developed nations... Latin underdevelopment is the outcome of a particular series of relationships to the international system (Bodenheimer, Susanne, in Vincent, Ferraro, 2008, pp. 58-64).

Most dependency theorists regard international capitalism as the motive force behind dependency relationships. Within this context, Andre Gunder Frank, one of the earliest dependency theorists, explains the following:

...historical research demonstrates that contemporary underdevelopment is in large part the historical product of past and continuing economic and other relations between the satellite underdeveloped and the now developed metropolitan countries. Furthermore, these relations are an essential part of the capitalist system on a world scale as a whole (Frank, Andre Gunder, 1972, p3),

According to the view of Andre Gunder Frank, the capitalist system has enforced a rigid international division of labor which is responsible for the underdevelopment of many areas of the world. He further stresses that the dependent states supply cheap minerals, agricultural commodities, and cheap labor, and also serve as the repositories of surplus capital, obsolescent technologies, and manufactured goods. These functions orient the

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economies of the dependent states toward the outside: money, goods, and services do flow into dependent states, but the allocations of these resources are determined by the economic interests of the dominant states, and not by the economic interests of the dependent state. This division of labor, as elaborated by Frank, is ultimately the explanation for poverty and there is little question but that capitalism regards the division of labor as a necessary condition for the efficient allocation of resources. According to the assertion of this view, the most explicit manifestation of this characteristic is in the doctrine of comparative advantage.

The question then goes down in the mind of everyone how poor economies develop in the context of current international global system. Can developing countries adopt a new development strategy contrary to the model of the liberal economic policy of the West? These and other questions indeed need to be clarified later in a separate chapter.

STRATEGIC PARTNERSHIP

Conceptually, Strategic Partnership is entirely different in understanding and content from the two we have discussed above. The concept of strategic partnership is believed to be a new idea in the field of international relations. However, the word strategy has often been used for long from the aspect of foreign and security policy of a state, and partnership in the formation of alliances and relations among nations in purpose of advancing common interests. In the conduct of business, the concept of partnership is often used as a contractual relationship between two or more persons, parties or groups, carrying on a joint business return with a view to profit, each incurring liability for losses and the right to share in the profit. It is commonly understood as a cooperative relationship between people or groups who agree to share responsibility for achieving some specific goals by pooling talent and money and share profits (<http://www.Uberstudent.org/>), and also see in Oxford Dictionary and Wikipedia.

With the evolving of time following the end of the cold war and creation of a convenient development for cooperation among nations on matters of common goods, the concept of strategic partnership has begun to take shape as a new form of association and collaboration in the realm of bilateral and multilateral diplomacy. Indeed, particularly after the 1990`s, the concept of strategic partnership has become a popular expression of foreign policy in the various diplomatic works of international relations. Yet, the concept is new in the diplomacy of international relations and much has not been done in the writing and discussion of the subject. Though the concept is now much being used in bilateral and multilateral diplomacy, there is still much to be done to conceptualize the idea in order to give it a strong theoretical framework. There are questions coming to mind in using this new concept: what sort of relation is strategic? And what policy goals and special characters are unique to define in the

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“strategic partnership” framework? What does make it unique from other types of relationships? I will try to look at the various expressions in this regard.

In international relations theory, states form relations between and among themselves in anticipation of self-interest. The critical problem, however, becomes how two or more nations can agree to promote common interests while pursuing collective action, trust and commitment for common goods and purposes in lieu of advancing competition and domination with the objective of promoting self-interest at the expense of the other parties involved.

The new dimensions of grouping and cooperation along some historical or inherent characteristics of nations like the south-south links, the “G groups”, the BRICS group, regional organizations or groupings with different objectives and many other types aiming at different goals could be seen as a reflection of the new international order created as a result of the new and dynamic forces of globalization, and have become the guiding principle behind the foreign policy of many nations.

Despite a lack of a definitive theoretical approach concerning its meaning, the concept of strategic partnership is vividly becoming a feature of the new scenario of international relations. From the general perspective, “strategic” is something conducted with the aim at reaching goals perceived to be vital; a “strategic partnership” could then be understood as cooperative relationship between groups that share the interest to attain common goals.

STRATEGIC PARTNERSHIP IN THE FIELD OF INTERNATIONAL RELATIONS

The conceptual understanding of “strategic partnership” in the field of International Relations is a new phenomenon. Conceptual ideas such as “partnership”, “alliance”, “cooperation” and “special relationships” are for long being routinely used expressions of relationship between international political actors. Whereas “strategic partnerships” assumed its meaning in as a new phenomenon of expression in International Relations in the 1990s. For the concept to be understood, a few examples have been cited from the European experiences as an important international actor. The European Council emphasized in its policy statement the relevance of developing strategic partnerships for the security of the European Union: “There are few if any problems we can deal with on our own. The threats described above are common threats, shared with all our closest partners. International cooperation is a necessity. We need to pursue our objectives both through multilateral cooperation in international organizations and through partnerships with key actors.” Moreover, they state that “in particular we should look to develop strategic partnerships, with Japan, China, Canada and India as well as with all those who share our goals and values, and are prepared to act in their support” (European Council, December 12, 2003).

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According to the foreign policy orientation of the European Security Strategy (2003), all “key actors” who are relevant for EU’s security and/or share goals and values with the Union are its potential strategic partners. The policy direction in this context is very clear that these strategic partnerships are a means of strengthening international cooperation. However, it becomes practical to find out the difference between this new instrument of foreign policy and other forms of cooperation, and point out which values and goals are the governing principles in “strategic partnerships .” But it should be clear that the use of “strategic partnership” by the EU is with purpose directed at countries with priority areas of interest. The interests could be security, political, economic or any other matters that touch the core interests of Europe. As many agree that common values (mutual interests, common challenges, mutual understanding, ext.,) shared by the partnering groups are necessary elements in a relationship defined as strategic partnership (Vahl, Marius, 2001, p4).

Lessa (2010) argues in the context of Brazilian foreign policy that “strategic partnerships” are priority political and economic relations, reciprocally compensating, established on the basis of an accumulation of bilateral relations of a universal nature (Lessa, Antonio Carlos, 2010, pp115-1310). In the development of the theoretical basis of the concept, Grevi is believed to have initiated a comprehensive description of what a “strategic partnership” is:

“...Strategic partnerships are those that both parties regard as essential to achieve their basic goals. This is because the cooperation of strategic partners can lead to win-win games and, conversely, because such partners those who could inflict most harm to one another were relations to turn sour. (...) Strategic partners are therefore important bilateral means to pursue core goals. As such, they may concern pivotal global but also regional actors. What matters is that they deliver. (...) Effective partnerships are bilateral relations that should contribute to bridging over various levels of cooperation” (Grevi, Giovanni, 2010, pp2-3).

However, there is still an issue yet to come up clearly in defining which kind of relationship must be to say a ‘strategic partnership’ which makes it different from a normal friendly relationship of cooperation. The notion of strategic in a relationship of states indicates the level and intensity of cooperation in promoting mutual interest. According to the Oxford Dictionaries, “cooperation” is defined as the process of working together to the same end.” The idea of cooperation has a strong meaning in international relations and international law where states have the legal responsibility to cooperate among themselves in advancing common goals and goods of humanity. Despite the existence of different theoretical views and discussions in defining the nature of international politics, many unlike the traditional political realists acknowledge that interstate cooperation is a necessity in the international realm with the objective of maximizing the interests of all the parties involved.

Gratius having referred to the strategic partnership agreement concluded between Brazil and the EU provides this: “The EU and Brazil agree that, the strategic partnership comprises a strengthened engagement for the intensification of mutual understanding, the construction of common interests and strengthening of the bilateral dialogue, as well as the cooperation in all areas of mutual interest” (Gratius, Susanne (2008). Scholars in international relations, however, still argue and discuss as I have tried to present the different views above that there are today different ways of expression of relationships of states in their foreign policy doctrines. Some are labeled as historical alliances, natural alliances, strategic alliances, partners, strategic relationships, friendly relationships. For many, these sorts of taxonomy are simply tactical used by states in order to stress and politically amplify the type of relationships they are engaged with.

The conclusion could then be that the concept of “strategic partnership” is an important foreign policy orientation in order to provide an appropriate framework for the promotion of a deep and comprehensive relationships of cooperation between and a group of states across the economic, security, political, cultural, and social fields, and also generate cooperation on global matters of common interests. Issues of shared values, common interests and challenges, and historical factors are fundamental reasons in defining the level of cooperation and working towards common goals. All political actors in strategic partnership need each other and relevant to each other for common goals and interests and serve as a means of promoting international cooperation for the wellbeing of humanity and safety.

In the final analysis of the concept, it is agreeable to say that as the study of “strategic partnership” is a new concept in international relations, there is a need for further studies and analyses in order to give it a more analytical foundation.

CHAPTER III: AN OVERVIEW OF AFRICA AND CHINA

As a background of this thesis on Africa-China relations, I will present an overview of the developments that have evolved in Africa and China in recent history in the view to look at the different factors that have served as causal for the emergence of evolving relations between the two and the implications therefrom, particularly after the 1990s.

AFRICA

Despite the presence of huge natural and human resources in Africa, the continent has remained a victim of underdevelopment. The situation has prompted several efforts by African leaders and development experts, scholars and the international development communities to understand and solve the development dilemma that confronted the

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continent till today. Several debates and researches have been conducted to explain why and different development strategies have been tried to address the crisis. However, a historical perspective of the situation is essential in order to understand why African countries have failed to take part in development like the rest of the world did today. Africa is indeed the source of man-kind and many civilizations, yet it still appears to be in a serious difficulty of development. As many African countries began to obtain independence from the mid-1950s, the new African leaderships stepped forward with enthusiasm to tackle the problems of development and nation-building. The circumstances, however, were not as simple as the new leaderships and Africans had thought to be. The continent went through many ups and downs in all aspects of life in the fifty years since the independence era began. The question is why? What factors have contributed for?

Sub-Saharan Africa in particular was reported in early 1990s as the only part of the world experiencing absolute declines on virtually all indices of socioeconomic development (Lubeck, P. 1992, p520). Along the same condition, millions of people across Africa did not have access to food and safe drinking water, 75 percent of people were reported lacking appropriate sanitation, and every year two million children were dying in the first twelve months of their lives (Schwab, P. 2001, p6). By the first decade of 2000, more than half of Africans had been indicated living below the poverty level. Yet, the population of Africa is expected to reach 1.6billion by 2025 (Rasheed, S., 1996, p2). We may continuously wonder what caused the crisis of development in a continent known for its rich natural and human resources.

The intention of my work in this regard is not to look at the economic situation of each of the fifty-five states of Africa. Its focus is to provide a general overview of the African development scenario as a guideline to understand the state of situation of the continent. This is in conviction that despite the existence of diverse growth experiences, there are many commonalities among African countries in terms of challenges and opportunities. In doing so, I will make as a background a general analysis of the external and internal factors that have contributed to the development crisis in Africa since independence, and a particular emphasis on new developments that have taken place in the continent in the aftermath of the Cold War.

Historical Background

Africa in its history of international relations has experienced turbulent times of conflicts, violence, wars, and problems of development and stability, and this has casted immense implications on what Africa is today. The first stage of relations with Europe was characterized by the European trans-Atlantic slave trade, 16th to 17th centuries, which caused the hunting of millions of Africans forcefully for transfer from the continent to the European owned plantations in the Americas and the Caribbean as slave laborers (David, J.F (2004).

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The implications for Africa was not only destabilization of the continent but also was deprived of its main labor force for development. Humanly, the physical and moral damage inflicted left the unforgettable scar on the history of Africa and its peoples.

The second stage of Africa`s relations with Europe was the onset of colonial era particularly following the Berlin Conference of 1884-85 when the sovereignty of African states, kingdoms, communities and peoples was put at bay and was put under the European colonial rules, which was characterized as suppressive and exploitive. African human and natural resources were exploited, and the people were denied basic rights on their own territories. The colonial rule lasted in many parts of Africa for over a century, yet did not bring any substantial improvement of life and development to the people, except poverty, tensions, conflicts, exploitations and disgraceful.

The third stage is the post-colonial period in Africa, ushered in the achievement of independence by African states that characterizes the present condition in Africa`s current history in which the political independence of Africa has been and continues to be conditioned by a heavy, sometimes overarching presence and interest by the former colonial powers and new key Western players, as well as the international financial institutions dominated by the leading Western countries. The legacies of colonialism in Africa are immense and complex, which have casted significant and devastating effects on the continent. Africa inherited only weak institutions of governance, characterized by ethnic and inter-state conflicts. The African economy, by and large, is still agriculturally dominated and linked to the European economies in which Africa has been the worsted partner in the relationships. In this perspective, it has been a reality that Africa`s relations with Europe and the West in general has never been based on the articulations of mutual interests and partnership. Due to the historical facts and the dependency nature of relations, it has been structured along a “donor - recipient” system of relationship.

In the view to understand the overall challenges of development of Africa and able to answer some of the questions stressed above, I would base my analysis on two areas: the external and internal factors despite the fact that both are very much interlinked. In this regard, I will mainly focus on explaining how the legacies of colonialism and the African international relations have continuously impacted on the post-colonial African development problems. Equally important, the internal circumstances of Africa in terms of state governance and policies would also be examined and see their impacts on the current situation of Africa.

COLONIAL LEGACIES

This is to examine how the legacies of colonialism have continued to impact on post-independent African development problems. As many analysts agree that the roots of the

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post-independent African problems, from border conflicts, ethnic conflicts, authoritarian, tribal and inefficient political governances and economic dependencies could be traced from factors emanated from African external relations and within it. This is to stress that the bulks of the problems originated from the practices of the colonial administrations and have continued to influence Africa's political, economic and social policies negatively in the post-independent period of Africa. In this regard, Sandbrook emphasizes that those political and ethnic tensions in Africa after independence cannot be understood without putting them in the context of colonial times (Sandbrook, R. 1985, p42).

Colonial legacy could be understood as the sum total of the political structure, culture and general polity handed over to the indigenous political elites or that which was left behind by the colonial administrators, "neo-colonial" nationalist leadership, which affected post-independent Africa and still has an impact on contemporary African states and politics. The colonial ruling style of oppression of the colonial administration that was imposed on African states by the new African nationalist rulers was not based on the choice, consent, will and purpose of the African people (Alemazung, Joy Asongazoh, 2010, pp64-65). One of the major difficulties African states have had to deal with is the problem of ethnic conflicts (Amoo, 1977; Nugent, 2004; Meredith, 2005). Ethnic division is one of the leading legacies of colonialism which one always comes across when assessing the colonial impacts on the continent. According to Shillington (1989, p356), the colonial masters emphasized the distinctions between the different ethnic groups, thereby strengthening tribal differences and rivalries between these groups and preventing them from forming a united opposition against the colonizers. According to him, the colonial authorities invented tribalism in the continent. Indeed Africa had experienced some conflicts among the different communities and groups before the colonial era for control of territory, political power or economic advantage and not because they were different tribes. The mentality of tribalism as an organized political force therefore was mainly entrenched by the colonizers.

Along the same argument, Guest, in his writing on post-independent African political development, notes that ethnic conflicts in Africa have "roots in manipulation of tribal loyalties by the colonial authorities. He further stresses that in order to successfully control large masses with small number of soldiers and officials, colonial powers used "divide and rule" policies that left divisions and hatred on the continent (Guest, R., 2004, p111). The same view was reflected by Mbeki arguing that the main reasons for wars and conflicts in Africa since independence had been the creation of the arbitrary boundaries and new countries without regard to ethnic differences (Mbeki, M. 2005, p3). Along this argument, Sandbrook (1985, p42) noted as well that colonialists, while drawing the modern map of Africa, paid no attention to ethnic, cultural, and linguistic criteria and often put bitter enemies together or divided homogeneous groups into separate countries. Easterly and Levine (1997, pp1-10)

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claim that the high level of ethnic diversity and wide spread ethnic conflict held back economic growth in post-independent Africa. During the colonial rule it was evident that the goal of the colonial administration was not to modernize or develop Africa. The main policy was to exploit African resources as constant supply to the industries in Europe. Products such as coffee, cocoa, tea, and cotton, extraction of minerals and other natural resources were widely exploited by the colonizers. In order to facilitate their economic activities in Africa, colonial powers had built infrastructures for transportation of their goods and services from production areas to the ports. The expansion of such infrastructures, roads or railway lines, were not directed to the purposes of providing services to the public interest at large.

Sandbrook (1985, p21) explains that colonial powers in Africa put barriers to industrialization and sustainable development by structuring the economies of their colonies in “self-serving fashion. The benefits they obtained included secure sources of inexpensive raw materials and foodstuffs and markets for their manufactured goods.” On the same note, Mabogunje (2000, p14008) mentions that colonialists did nothing to help African countries develop, transform, and adopt their economies “ to a capitalist system of production or to enable them to sustain economic growth.”

The colonial system on the other hand was set up in a way that Africa became dependent on educated outsiders, Europeans. Europeans did not encourage for the expansion of schools in their colonies. At the same time, the majority of Africans did not receive any education, while those who were educated at the very limited existing low level of schools became servants or assistances of the their rulers. This indeed caused shortage of qualified human resources that would take the leadership after independence. The fact could better be understood from the contributions of many writers. Sandbrook (1985, pp19-20) gives some facts illustrating that for example at the time of independence in 1960, Zaire had not any African doctors, lawyers, or engineers. In 1955, only 700 Nigerians held senior posts in the Nigerian civil service, compared to 2,300 held by Europeans. Adding to this evidence, Ayittey specifies that Tanzania had only 16 university graduates at the time of its independence, and Portuguese left Guinea-Bissau with only 14 university graduates and an illiteracy rate of 97 % (Ayittey, G. 1998, p41).

The colonial administration was politically racial, authoritarian and non- participatory of the public. Sandbrook (1885, p85) highlights in this context that colonial governments ruled through “authoritarian administrative apparatuses, with a powerful governor at the helm,” and many of the new African leaders who were favored by the colonial authorities continued to rule after independence like their former colonizers. Most post-independent African political governances were found to be based on the majority or dominant tribal or ethnic lines with the mere manipulation of one group against the other as this was the case well practiced as a means of domination during the colonial era. Ethnic conflicts are not only

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rampant in contemporary Africa but also very severe compared to those of other regions in the world. Different writers on Africa provide a sense of the genesis of ethnic antagonism on the continent and the impact of colonialism on inter-ethnic relations, and precursor for political instability and nation-building.

The impact of ethnic division and rivalry has unfortunately not been properly addressed by the African political leaderships. Even though colonialism is blamed for encouraging hatred based upon ethnic differences and for forging differences amongst African peoples and nations in order to facilitate its rule, thereby destroying the foundation for political state building in Africa, post-colonial governments continued with the manipulation and disintegration of ethnic identities and groups (Nnoli, Okwudiba, 2000).

A well-known political scientist, Schwab explains that about the destruction that colonialism left behind in Africa, thus limiting later success of African states:

Independent Africa was given little opportunity to begin the era of freedom with much of a chance for political or economic success. Economies were destroyed, resources were all but stolen and removed to the Western metropolises, people were enslaved, ethnic harmony was sundered and often replaced by fratricide, elite/traditional dichotomies were provoked as normative and customary authorities were made impotent, politics was treated dismissively, while obsequious politicians were infantilized (Schwab, P. 2001, p26).

On the other hand, we should note with evidences that colonialism in fact created new and sovereign states in its legal terms in Africa, introduced modern life to some extent and linked it internationally in a modern sense with the outside world. It is no doubt that Africa had a long history of international relations as their kingdoms and communities externally interacted with the outside world in different patterns and levels. Even though they were limited in numbers and coverage, new roads, clinics, schools, telecommunication lines, power supplies, modern agricultural practices and marketing were introduced. Due to the colonial intensive commercial farming, many African states had higher per capita income levels before independence (Mbeki, M. 2005, p2). However, it is as well true that except the few ruling cliques, Africans and their states were not the beneficiaries from such economic fortunes. The economic benefit that was evidenced at the time of independence in some areas could not be sustained by the new African leaders who replaced the colonial administrations due to other external factors that had strong linkage with the past and of internal ones that heavily influenced the post independent developments in Africa.

THE CHALLENGES OF THE POST- INDEPENDENT AFRICAN ECONOMIC DEVELOPMENT

Conceptually, economic development is understood by many economists as a growth process that requires the systemic reallocation of factors of production from low-productivity, traditional technology, decreasing returns, mostly primary sectors to a high-productivity, modern, increasing returns, and mostly industrial.

Africa suffered great loss economically and politically under the exploitative colonial rule. The destruction was so clear that the continent after the end of the colonial rule was not in a position to manage its complex challenges of development with the limited capacity it had maintained. According to evidences, Africa at the time of independence was at a lower level of development in aspects of all measurement. The colonial economy had not penetrated so deeply into the society at large as it had in Asian countries that had been under European and Japanese rules. Except in the few commercial and mining sectors, the Europeans did not take major economic development programs in Africa as their primary objective was not to modernize or develop Africa. Moreover, apart from the European minorities who settled in the Southern part of Africa, the continent lacked strong economic forces. The situation of Africa after independence was not better than before as expected as the economic, political and cultural exploitation of the continent actually continued in what became known as neo-colonialism (Mwaura, 2005, p5).

Nkrumah observed the post-independent African scenario as discouraging. He noted that even though these states were independent, their economic system and eventually their political policy were indirectly formulated by the colonizers. Neo-colonialism operated in varying ways in post-colonial Africa: control over government in the neo-colonial state through foreign financial support for this state or through the presence of foreign consortium serving and upholding foreign financial interest. Whichever way one analyzes it; neo-colonialism resulted in the exploitation of the African states such that the foreign capital entering the state to foster development instead “promoted” underdevelopment (Nkrumah, K., 1975, p415). Due to the fact, the post-independent African economy has been structured along the client-patron relationship between the new states of Africa and the former colonial powers. The type of relation has only broadened the chance for African states to be resource-based economies, unable or unwilling to assert their independence and develop their nations.

Indeed, the development strategy for most newly independent states in their early stages of statehoods had one common goal- to give a priority to human development and nation-building aimed at national unity. This was to be achieved within long and medium term development frameworks whose objectives were to: eradicate the “colonial structure” that had been imposed on African economies; speed up economic growth and to improve living

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standards of the people. The state allocated to itself a central role in the development process. The momentum of African development had shown a positive growth in the 1960s as many African states took massive developmental measures particularly in the infrastructural areas. Despite showing glaring hope for development in the 1960s, the period from 1973 to 2000 was a bad time for most African states. The African economy was weakened due to a number of civil wars, military coups and political instability compounded by drought and famine. In expressing the situation, Professor Adebayo Adedeji (2002) says that the weakened African states with their weakened economies were literally ‘handed’ over to the international financial institutions (IFIs) to manage, and African states were, stripped of their social and economic policy prerogatives with the support of donor community and forced to accept the terms and conditions of the IFIs.

Generally speaking, the African economic growth showed a decline from 1973 up to 2000. As indicated above, the period was manifested in unsustainable fiscal and trade deficits and high inflation rates, and high internal and external debt burden. According to studies, the structural imbalances and developmental failure in the 1970s and 1980s forced many African states to embrace the widely known IMF –World Bank induced Structural Adjustment Programs (SAPs). Due to which, all grants and loans destined for African development were tied to strict adherence to IMF and World Bank conditionalities, and the results have been disastrous. All economic and social indicators showed that Africa had been left behind as mass poverty, starvation, diseases and ignorance was widespread in Africa (Baah, Anthony, May 2003, p5).

According to the findings of the African Union and UN Economic Commission for Africa, the IMF driven SAPs programs had assumed that the free market would drive investment and overall economic growth, but failed to pay serious attention to the problems of supply constraints through production increase and diversification, and chronic market failures, including weaknesses in economic, socio-political institutions and inadequate physical infrastructure and human capital (AU/UNECA Issue Paper, 22 March 2011).

The SAPs also were thought to have caused further constraints the capacity of African states to foster an independent developmental agenda of their own based on the conditions of African situation. As Edigheji refers to the situation that the dominance of technocrats in decision-making who are more accountable to bureaucrats in international development agencies than to their people, and consequently as from the 1980s, most African states were unable to act as coherent collective actors able to identify and implement developmental goals (Edigheji, Omano, 2004).

African economic development was not driven by Africans. The IMF/WB recommended policies were not reflective of the African realities. Prominent policies that were imposed on

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Africa in the 1980s were including privatization, liberalization and fiscal austerity measures. These policies of the IMF/WB continued, despite their failures, to impose them on Africa throughout the 1980s and 1990s. As Stiglitz (2002) rightly pointed out “the two decades of structural adjustment policies in Africa only succeeded in bringing more unemployment, inflation, low real wages, poverty, destitution, misery, inequality, high taxes, poor quality of education and a huge external debt.

It is also important to note rationally that the failure of the African economic development cannot be said only on external factors. It will be fair to admit that the domestic factors have equally been responsible for. The institutional weakness, corruption, tribalism, lack of formidable economic policies, protracted inter-state and intrastate conflicts due to political suppressions and aggressions, a pro-change social movements and unrest, and the nature of political governance have as well been attributed to the failure of development in the continent. The assertion is that the African state has been dominated by a small interest political group with the state being the center for private capital concentration and caused a climate of struggle for political power including military coups and rigging of elections to control the economy for self-aggrandizement.

POST-COLD WAR AFRICAN SITUATION

This is to explain further the combined effects of the new global development and growing marginalization of Africa internationally along with domestic factors, including debt, internal conflicts, and impacts of the SAPs, HIV/AIDS and human insecurity in general. I would try to show how international relations in Africa have changed especially in content and direction since the end of the cold war. These changes have been influenced by the pressures unleashed by the international environment that followed after the end of the cold war, including the reality of Africa`s marginalization and forces of globalization. These, along with domestic factors, including debt, internal conflicts, the impact of the structural adjustment programs (SAPs), drought and famine, HIV/AIDS and human insecurity in general have combined to underscore foreign policies and diplomacy towards the North.

The post-cold war African international relations have been influenced by a number of domestic factors that have guided its foreign relations. In contrast to the situation under the bipolar politics during the cold war, which provided African states with the leverage to play one super power against the other in a bid to obtain better concessions, the continent`s post-cold war foreign policies have become circumscribed and relatively predictable. It is true that Africa is a continent of now 55 sovereign countries, and it would be a mistake to assume that all have the same foreign policy orientation. However, there have been fundamental matters that almost all African countries have experienced in common in their external relations, such as issues of aid, peace and security, FDI, marginalization, debt, building partnerships, fighting

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the scourge of HIV/AIDS, and challenges, just to mention some. In the view to avert the many challenges that Africa has experienced, internally and externally, the continent created by the turn of the century two important institutions, the New Partnership for Africa's Development (NEPAD) and the African Union (AU) - both promising to open a new chapter in improving Africa's international relations, break the cycle of underdevelopment, build good governance and ensure peace and security. However, it could be argued as we will see in detail that against a background of combination of factors, these new continental projects will make only a minimal impact in terms of mitigating the consequences of the unequal and the donor-oriented postures of African external relationships.

The culmination of the cold war signaled the increasing marginalization of Africa in the global economy (Callaghy, 1991, Awoonor, 1994, Kraus, 1994). Marginalization describes the continent's increasing peripheral role in the global economy, a fact dramatized in two main areas- the continent's declining Official Development Assistance (ODA), and its shrinking share of Foreign Direct Investment (FDI). That ODA to Africa is in steady decline is no longer polemical. For example, although new loan commitments by international banks to developing countries in general increased from \$20 billion in 1990 to \$28 in 1991. However, the proportion destined for Africa declined from \$0.6 billion to \$0.4 billion (IMF, 1992, p77). Also as reported by the same, between 1983 and 1990 development aid to Africa shrank from more than \$8 billion to just \$1 billion. In 1991, aid (bilateral and multilateral) to Africa totaled \$25.2 billion, which declined to \$17.6 billion in 1998 and further down to \$15.7 billion in 2000 (Africa Recovery 16 (2-3), 2002, p31). Just as ODA was declining, so was FDI to Africa decreasing. For example, in 1997 total FDI to sub-Saharan Africa valued at \$8.6 billion but this declined to \$6.5 billion in 2000 (Africa Recovery 15 (3) 2001, p28).

The most popular reason for Africa's further marginalization in the aftermath of the cold war relates to the discovery of new investment opportunities in Eastern Europe following the liberation of the region's economies from communism (Callaghy, 1991), along with the intractable internal conflicts, bad governance, which together undercut Africa's attractiveness as a region for investments (Strange, 1991). Except South Africa because of its huge industrial development, all African countries were affected by this trend. The assertion about Africa's marginalization in the global economy is thus increasingly becoming contentious. It is clear that by its heavy dependence on external aid and the dominant international financial institutions, World Bank and International Monetary Fund, the continent is being tightly incorporated into the global economy. In the same way, by adopting the structural adjustment programs (SAPs), which characterize the economic doctrine of neoliberalism, Africa is being driven into the global political economy. This phenomenon of simultaneous marginalization and incorporation underscores Africa's uncertain posture in the global economy.

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Characterized by liberalization, competition and free market policies, globalization undermines Africa's fragile and weak economies and creates phenomenal developmental challenges for the continent. The combined effects of globalization and imposed liberalization have thus forced Africa to go out for external aid and development assistance, making them dominant driving factors of the continent's international relations with the North. On the other hand, the debt crisis in Africa has been another critical challenge that most African countries have suffered from. The continent's escalating debt, which by 1998, stood at amazing figure of \$345.2 billion up from \$294.3 billion in 1990 (Africa Recovery 14 (1), 2000, p7). The possession of huge debt by most African states and the high debt servicing have continuously deprived the continent the power to deliver social services and induce development. During the 1990s, debt service ranged from 5 to 112 percent of export earning in Africa (West Africa, 16-22 August 1993, p1459). Allocating such huge percentages of national budgets of the poor African economies to service debt leaves little to meet the competing demands on the state.

Just to highlight the gravity of the problem, it would be important to see the experiences of some African countries in this respect. For example, Tanzania's debt payments were four times what it spent on primary education and nine times what it spent on basic health during the 1996/97 fiscal year. Similarly, during the same fiscal year Cameroon spent 36 percent of its national budget on debt service compared to only four percent on basic services (Africa Recovery, 13 (4), 1999, p3). Zimbabwe has gone through the same scenario. At its independence in 1980, it spent 1.2 percent of its GNP on debt service compared to 1.9 percent on education. By 1995, debt servicing was taking 10.3 percent of GNP compared to 8.5 percent and 3.5 percent on education and health respectively (Africa Recovery, 15 (3), 2001, p28).

The process of rescheduling of the debt payment may provide some temporary relief for the debtor, but the burden is even worse as the interest accumulates on the original capital. The stifling situation rather forced many African countries to search for foreign aid creating a factor of vicious circle. Between 1986 and 1990, for example, the International Monetary Fund (IMF) extracted over \$3 billion more than it gave to low-income countries in sub-Saharan Africa as a result of rescheduling (New African, October 1991, p32).

The implementation of SAPs almost by all sub-Saharan African countries, which call for the de-subsidization of services, floating of national currencies in the market (often resulting to devaluation), and the deregulation and decontrolling of economic activities, has eroded the foundation for African development. The very policies and conditions of SAPs have rather incapacitated the economic power of African states causing counterproductive (ECA 1989; World Bank 1994, p1). Among other effects, they have compounded rather than ameliorated the deteriorating conditions they have originally meant to alleviate. SAPs have been blamed

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for deepening of poverty in much of Africa (Stewart, 1991), and partly for the growing indebtedness of the continent of Africa (Akokpari, 2001). Furthermore, it is also noted that adjustment programs have deepened the dependence of implementing countries not only on imports but also on international creditors, which indeed has led the African economies to be more dependent on the West in a situation of unequal relations.

The scourge of HIV/AIDS is another factor which helped to forge new African partnership with the West in an effort to solicit international support in the form of aid to combat the epidemic. Fighting HIV/AIDS in Africa has become a driving force in the foreign policies in Africa in an effort to obtain international aid. The epidemic has killed millions of young Africans and so much impacted the meager economy of Africa.

Conflicts in Africa are not new phenomena. The history of Africa is predominantly known by its continuous and protracted conflicts of different nature. The challenges of conflicts on African development are immense and complex, and became widespread particularly in the post-cold war period. Most of these conflicts have been intrastate in character with possible involvement of external supports. The post-cold war global changes have great implications on Africa inspiring the entire continent for adoption of democratic governance and development. The tenets of the intrastate conflicts have been geared towards against the regimes demanding for changes and transformation. In a number of instances, it was unfortunate that some of the conflicts assumed an ethnic or tribal direction with fatal human consequences, in such as Somalia, Sudan, Rwanda, Burundi, Liberia, Sierra Leone, Democratic Republic Congo, and lately Cote D`Ivoire, to name a few. The question of maintaining national sovereignty and political stability has become a critical challenge for many states and its implication for the security and peace of the continent has become a serious one with its considerable international ramifications.

For these warring states and the continent at large, foreign policies have focused on increasing defense budgets and the concomitant procurement of sophisticated military hardware, which further have caused to drain the meager national resource adding more pain to the lives of the people. The instrumentality for acquiring power and deterring external aggression was the acquisition of sophisticated military hardware (Akokpari, 1999). This is equally true that the desire to acquire more hardware by many states in Africa has as well been to suppress internal uprisings or oppositions to the regimes. Under the cover of African Peace and Security and Conflict Management, a number of mechanisms have been initiated from the US, UK and France as a global partnership with Africa, and they had huge influences in many of these conflicts, positively or negatively. China, Russia and the former East European Communist countries have also been selling arms to a number of warring countries in the continent. Conflicts for many African countries thus have strengthened the

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link between the regimes and Western countries in anticipation of soliciting military, political and economic assistances.

Adding to the scourge of HIV/AIDS, the nature of conflicts in the post-cold war era has been well understood as the new threats of human security in Africa. Unlike the traditional realist thinking and definition of security and state power, the new security paradigm argues for the linkage of security to life experiences and the survival of people who live within the territorial boundaries of the state (Busan, 1983). Thus, rather than proceeding from the state, the new paradigm focuses on the peace and security of people as fundamental human rights. The key point of departure of the new in contrast to the old concept of security obtained its root from the principles of international humanitarian law putting the emphasis more on the people rather than the state because threats to human security are largely non-military and therefore require non-military responses. Thus, according to the UNDP (1994), human security prevails when people are safe from acute instability in their social and political environment, which in turn disrupts their well-being. For Africa, indeed peace and security is a prerequisite for political and socio-economic development as a nation, and ensuring of human security. For Africa, human security means addressing the chronic and crippling problems of hunger, disease, poverty, unemployment and all forms of oppression and repression. In other words, human security refers to the “protection from sudden and hurtful disruption in the patterns of daily life” (Moyo and Tevera, 2005, p5).

The fragile economic situation across the continent in the immediate aftermath of the cold war was speaking for itself that demonstrating the reality that human security was nearly unachievable without foreign assistances. The recurrent drought and famine that hit the Eastern, Western and Southern part of Africa in early 1990s and the exposure of Africa for international support for food aid and the prompt response of the international community proved the reality that human security without external assistance was not possible. Thus, the need for human security highlights the prominence of another form of aid in the foreign policies of the continent exacerbating African dependency on the West with its own consequences.

The reality then was that the new aid-driven foreign policy thrust produced severe consequences for foreign policy making and international diplomacy of African states. The emergence of aid and economic issues eclipsed non-economic concerns in foreign policy and relegated the latter to the margins. The sovereign exercise of foreign policies by African states was literally diminishing as the continent was exposed to external aid and the terms of the international financial institutions in order to receive economic assistances (Ankomah, 1992, p14). Furthermore, nothing could be more overtly intrusive than international creditors dictating what proportion of the assistance they offer should go into education, health or

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agriculture or which goods and public services are to be de-subsidized. The involvement of these agencies denied the sovereign exercise of state authority even on domestic matters.

The consequence of the growing loss of control over policies relating to key economic issues was the menacing threat posed to Africa's already tenuous sovereignty. Although it is a known fact absolute sovereignty may not be tenable in the current global economic order characterized by complex interdependence and prevalence of many non-state actors, countries nonetheless try to maintain a degree of autonomy in terms of their ability to determine policy choices. However, with aid as a central factor in foreign policy directions, the ceding of the continent's sovereignty to international creditors has been an obvious case which could not be denied. One clear example of such a situation explained above was the adoption of SAPs and their vast display of conditionalities, most of them unattainable, was not only evidence of the creditors' control of the adjusting countries, but also the extent to which the latter have ceded their sovereignty. The illusions about Africa's economic sovereignty has thus been more manifested in the post –Cold War period than ever before.

The sequel to the loss of sovereignty has been the related problem of consolidating the new and nascent regionalism in Africa. One of the daunting challenges unleashed by globalization is how to remain competitive in the hostile global economy. The need to maintain competitiveness is partly responsible for the creation of regional economic blocs by which member countries attempt to insulate their economies from the devastating consequences of global competition. The attempts across Africa to strengthen the existing common regional economic communities and later in early 2000s the desire shown to replace the continental Organization of the African Unity (OAU) to a more pragmatic and politically and legally powerful organization of the African Union (AU) are policies designed to mitigate the effects of competition on African states.

For Africa, a regional and continental unity has a strategic advantage for the countries both in pulling African resources and minds closer in order to advance the common interests of the continent within and globally and dispel common challenges. It also has an additional advantage of providing alternative paths out of the continent's development challenges by creating a larger market within the continent thereby reducing its precarious reliance on the global market. However, the critical question was how the continent can simultaneously remain committed to the seemingly contradictory terrains of creditor conditionalities on the one hand and the ideals of continental regionalism on the other. There was as well growing concern that the donor-oriented posture of African states may be incompatible with effective regionalism or continental unity, particularly where the demands of creditors conflict with the dictates of continental union (Shaw, 1989). This dilemma posed daunting questions for Africa's international relations. The dilemma indeed for many African states at that critical juncture of moment was how to depart from the past and assert on alternative and

pragmatic line of transformation. New policies and visions for new direction have started evolving.

THE NEW VISION FOR TRANSFORMATION

As the 21st century ushered in, the balance of power in the world economy takes a new form from bipolarity to multi-polarity setting new international alignments, potentially breaking a definitive break with some of the post-Second World War institutions and practices. In this perspective, the emergence of new international actors from the South: China, India and Brazil have presented opportunities to the African continent as a high volume of trade and investment particularly from China have come to represent a significant source of funding to African governments, which we will see later. The real challenge for Africa then becomes how African countries can make use of these new relationships with emerging powers and avoid being subordinated in a neocolonial type of relationship reminiscent of the past century with Europe.

Indeed, the issues of economic integration and cooperation have always taken a central place in the pan-African politics of independent African countries since the establishment of the African Unity (OAU) in 1963. Since then till today, the issue of integration has continued to dominate the policy of the African continental organization (Nkrumah 1963; OAU 1980; African Union 2006). With the adoption of the Lagos Plan of Action in 1980 by the African Heads of State, regional integration and cooperation received a major start, and in successive years a number of regional economic integration programs were initiated, ranging from the Preferential Trade Area (PTA) at the lower end of the integration spectrum to Economic Union at the upper end (Agubuzu 2004; Anyang` Nyongo` O` 1990).

Many of these regional integration programs generally geared to focus on the growth of intra-regional trade by removing tariffs and non-tariff barriers; enhance regional development through the promotion of economic sectors, regional infrastructure and the establishment of large scale manufacturing projects; remove barriers to free movement of labor, goods and services; and promote monetary cooperation. As a matter of fact, regional economic integration in Africa has not succeeded in accelerating growth or trade between member states unlike in other parts of the world (C. Johnson 1995). Some of the causes are:

- Lack of effective political leadership and the unwillingness of political elites to surrender sovereignty of macroeconomic policy-making to a regional authority, such as a regional economic organization, with legal powers to enforce treaty obligations;
- Serious institutional and bureaucratic challenges, including the lack of coordination and harmonization of policies and regulations at regional level, and non-implementation of agreed decisions (Cheru 1989, 2002; UNCTAD 2009);

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- Lack of complementarities of production structures since member states export nearly similar primary products and import manufactured goods from their main trading partners, the EU and the USA (UNCTAD 2009).
- Lack of a compensatory mechanism for gains and risks (UNCTAD 2009), so that the weakest members suspect that stronger countries will take advantage of them;
- Unwillingness by African governments to break colonial ties as the aid budget constitutes a high percentage of the national budget (C. Johnson 1995, p 213).
- Africa`s regional economic integration process is characterized by a multiplicity of schemes and overlapping memberships and mandates.

Nonetheless, as Africa entered the 1990s, a number of internal and external factors brought to the front apple opportunities for the need to revive the integration agenda of Africa. In the general loss of hope for continental development into which Africa has fallen and which has necessitated the heavy reliance on external aid and on the dominant international financial institutions (IFIs) has generally been seen as worrying. This, along with the ineffectiveness of the externally formulated paradigms in addressing the continent`s multiple problems, led to new initiatives and visions for transformation on the continent. As introduced above, the two most notable ones which I would like to elaborate more for further clarity of purposes are the New Partnership for Africa`s Development (NEPAD) and the African Union (AU), both of which were officially launched in July 2002. In practical evidences, initiation of these new continental institutions had to affect Africa`s intra-continental and international foreign policies and diplomacy in many ways. Institutionally, NEPAD has been created as a project of the African Union being given an independent status to manage its own programs and activities with its Head Office in Pretoria, South Africa.

NEPAD, a new development program, developed by African leaders, aims at tackling the continent`s multi-faceted crisis, reflected in poor economic performance, bad governance, corruption and mismanagement, conflict and insecurity. More specifically, NEPAD seeks to arrest and eradicate the deepening poverty on the continent; promote growth and sustainable development; halt and reverse the trend of the continent`s marginalization; and restore peace, security and stability. These have been to achieve in partnership with the international community especially foreign donors. It is important to note here that the NEPAD policy directions and objectives have brought it more closely to the Western industrial nations as development partners with the belief that the international environment has changed following the end of the Cold- War for better cooperation to bring developmental changes in developing countries as well. In addressing the many developmental issues of the continent, NEPAD identified certain key areas. These include peace and security, economic and corporate governance, infrastructure, agriculture, and access to international markets ([http: www. Nepadsn.org/nepad-presentation.html](http://www.Nepadsn.org/nepad-presentation.html)). The achievement of these objectives

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necessarily affects the continent's relations with the international community. In contrast to previous developmental paradigms, which required the bulk of the efforts from African states, NEPAD projected itself as a partnership between the continent and the international community to promote the development of Africa. But, in seeking the partnership of the international community, particularly the West, NEPAD attempted to accelerate the integration of the increasingly marginalized African continent into the global economy (Ubomba-Jaswa 2002). Though NEPAD project stressed mutual partnership, Africa has nevertheless been heavily dependent on financial aid from the rich North.

Consequently, the reality has become clear that by relying on external funding from the traditional donors, NEPAD had a challenge to change either the current configuration in Africa's international relations with the North or the contents of the former's foreign policies. On the contrary, the new development paradigm is not only certain to maintain Africa's weakness with the International Financial Institutions (IFIs), but also deepen its dependence on international aid and thereby reinforced the centrality of aid in the continent's foreign policies. Globalization has generally been seen as posing major challenges to the African continent and NEPAD's quest to conform with it for increased foreign investments and the adoption of neoclassical economic policies rather than offering theoretical challenges to it, has been seen as a potential source of failure of the new project to offer real alternatives for African development. Furthermore, strengthening the donor-oriented posture of African states, NEPAD has been poised to weaken intra-African relations. Since no African state demonstrates a capacity to provide economic assistance to a fellow African state, NEPAD has become a blueprint document legitimizing the outward-looking tendencies of African states.

If NEPAD has shown weakened capacity to alter the content of Africa's foreign policies with the North in creating a situation for African developmental transformation and mutual partnership, the faith of Africa with the AU has been viewed by many that much could not be different as it would be operating in the same atmosphere. The AU was born out of the conviction among African leaders that its predecessor, the OAU, was considerably frail and demonstrated an inability to truly unite the continent in the midst of many challenges in its survival of nearly four decades. The fundamental weakness was reflected among other things in the ability of the OAU to effectively contain, manage or terminate conflicts on the continent or fashion a workable developmental paradigm and build a strong continental unity among its member states. There were many differences of interests that divide African states along political, foreign policy, economic, and regional lines. Due to a lack of formidable action of unity, the OAU was incapable of meeting the new challenges facing the continent particularly following the aftermath of the post-Cold War period. The efficacy of the OAU's institution was challenged as the continent was trying to grapple to manage the wind of changes that swept the continent demanding for good governance, respect of human rights,

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development, peace and security. It was believed that the OAU was not compatible to the post-cold war African realities. It was against this background that the AU was formed to perform the tasks that were believed to be impossible for the OAU.

Institutionally modeled after the European Union (EU), the AU seeks, among other things, to promote unity on the continent; contain, terminate and prevent conflicts that ravaged many parts of the continent; create a continental integration; create a larger African market to make the continent more competitive in the international economy; and to find innovative ways of addressing the continent's many problems, including the crisis of governance, protection of human rights, debt, corruption and the scourge of HIV/AIDS. As many believed that the achievement of these fundamental objectives requires the strengthening of intra-African unity and increase the self-sufficiency of the continent. Given the nature of African international relations, there have been many challenges that confronted the ability of the AU right from its inception. In comparing the AU with the EU, Makgotho explains that the EU after which it is modeled took over three decades to materialize and therefore attempting to achieve economic and political unity in months in a continent characterized by conflicts, mutual suspicion and economic decadence may be idealistic (Makgotho, 2002, p1). Even member states have expressed the commitment to integration there have been critical challenges in materializing such ideas. For example the disparities in economic performance among African states; the obligation of external debts with countries; the ability of the AU to prevent and manage conflicts and promote good governance on the continent, and capacity of member states to fulfill their financial obligations to the AU have been compelling challenges that have continued to test the ability of the AU and put it at a cross-road.

As the situation reveals well, the weak internal institutional capacity as well as the lack of people's participation, among other things, have contributed for Africa's inability to forge and sustain a developmental agenda. The United Nations Economic Commission for Africa explained the internal factors that seriously impacted on the situation of the African development by the end of 1990s:

The political context of socio-economic development has been characterized, in many instances by an over-centralization of power and impediments to the effective participation of the overwhelming majority of the people in social, political and economic development. As a result, the motivation of the majority of African people and their organizations to contribute to their best to the development process... has been severely constrained and curtailed and their collective and individual creativity has been undervalued and underutilized (UNECA, 2000).

By the end of the 1990s, as Anthony Baah explained that Africa's situation had, in fact, worsened by all standards as the impacts of the policies imposed on Africa by the IFIs and

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donors particularly with respect to privatization, liberalization and fiscal austerity measures have continued to bounce badly the continent. Most countries had accumulated foreign debt to the tune of over 150% of their GDP over the two past decades of structural adjustment. Many countries in Africa were forced by the Bretton Wood institutions to spend over a third of their export earnings on foreign debt servicing. As a result of the combination of structural adjustment policies and corruption, living standards plummeted further and the key indicators of well-being-life expectancy in Sub-Saharan Africa was 30 years less than that in the economically advanced countries (Baah, Anthony, 2003, p6).

However, at the turn of the 21st century African countries began to take stock of the past experiences and an assessment of their internal and external situations. The impacts of global movement for changes in governance, poverty alleviation, popular public participation and economic liberalization have also begun to change the political economic landscape of Africa. As part of an effort to reverse the condition of African economy, a strong emphasis began to take shape within the continent on democratization with popular participation so as to enable people and their organizations participate in the developmental and governance processes. This has become, therefore the beginning of a new paradigm shift in the conception of African development and system of governance as it moved away from a focus on macro-economic stability (supply and growth, reduction of inflation, curbing unemployment, improvement of national reserves of foreign currency, inducing investment and improvement of trade deficit), national security and electoral democracy to that of a concern about people`s living standards and participatory democracy and cooperative governance. Thus, the state has been brought into the development and governance process as a major actor for change.

In this perspective, African countries had to evaluate four factors, which eventually have laid the basis for the paradigm shift that Africa had to incorporate and see the glimpse of hope to rise in the next decade. The first one is the loss of hope with its historical dependent economic structure and the difficulties it went through, which culminated in developmental failure; the second one is the impact of global change on Africa following the end of the Cold War in terms of good governance, economic liberalization, poverty alleviation, public participation and democratization; the third one is the development of favorable global atmosphere for cooperation on international scene on matters of common problems of development, governance, poverty alleviation, peace and security, environmental issues, just to mention a few; and the fourth one is the lessons drawn from the development miracles of Asian countries particularly China, India, Taiwan, South Korea and Singapore.

With a wind of changes internally and globally, a new generation of leadership emerged in the 1990s on the political scene of many African countries with new visions and policies and have been able to manage and lead the complex matters with special focus on economic

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development. As a result, encouraging developments began to take a stronger ground in the continent pursuing policies of democratization and sustained economic transformation. By the beginning of the 21st century the situation of Africa in many respects has begun to show hopes for change. Many parts of the continent endeavored to maintain peace and stability. The African Union came to existence with vigorous political will for continental integration and cooperation among its member states, building lasting peace and security and sustainable development, and enhance African international partnership and cooperation.

The many inter-state and intrastate conflicts were declining. The 27-year old war in Angola came to an end. The Democratic Republic of Congo signed a peace accord with Uganda and Rwanda to end the conflict in that country. Burundi, Liberia and Sierra Leon entered a period of peace and reconstruction. The border war between Ethiopia and Eritrea has ended though more has to be done for final settlement of the problem. Somalia established a transitional Government after many years of civil war, but more was to be done in order to provide a constitution and an elected government, and eliminate the threat of terrorism. However, we should as well be caution that there are still a number of challenges of peace and security that Africa would continue to go through by the turn of the century.

Economically, Sub-Saharan African countries have continued to focus their top attention on poverty reduction and economic development. In early 2000s, the region kept up the momentum of economic recovery and growth, with a combined GDP growth rate of 3.5% despite experiencing some serious droughts in Eastern and Southern parts of Africa. On the diplomatic front, African countries were actively engaged in international discourse taking advantage of the situation created in the post-Cold War period opening up international market, growing trend for global cooperation on matters that affect the world, particularly issue of development, food security, environment, terrorism, international trade, peace and security. The international situation has improved in showing an increase in Western attention and support to Africa in these areas. Africa has taken advantage of the new development to obtain support, for its development and resolution of conflicts, from the West and international organizations. Africa`s position in this regard has consciously been thought choosing to build international partnership and work both with its traditional allies and the newly emerging economies as it finds it deem necessary in promoting its interest. The emergence of China and India as new forces of global economic powers has become an important and alternative source of African development, which we shall see exhaustively in the next chapter.

The questions which we would still need to answer in the next chapter on Africa-China relations include, how would Africa draw lessons from its failure and success? What lessons could be drawn from the emerging Asian economies? What strategic approaches are relevant for African economic transformation? I would discuss all in detail.

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CHINA

According to a study by economist Angus Maddison, China was the world's largest economy in 1820, accounting for an estimated 32.9% of global GDP while the USA's share was only 1.8 %. However, foreign and civil wars, internal strife, weak and ineffective governments, natural and man-made disasters and distortive economic policies caused China's share of global GDP declined. By 1952, China's share of global GDP had fallen to 5.2 %, and by 1978, it slid to 4.9 % while the USA's share was 27.5 % and 21.6 % respectively (Maddison, Angus, 2007).

The modern state of the people's Republic of China was established in 1949 by the Communist party. After 60 years of difficult period and progress, the country has to day become the talking point of every one anywhere due to its miraculous economic growth just in three decades of achievement. It has been transformed from a centrally planned economy to a market economy. The modern history began with an ambitious experiment aimed at realizing national development through a planned economic system based on public ownership. But, it was an experiment destined to fail. The policy only kept the economy very poor and stagnant. Coming to realize that a mistake was made may involve only a small elite class, but fixing it requires concerted action by an entire society. To make corrections and improve performances, a perpetual cycle of trial-and-error was made. After all, it was the high level of poverty and slow progress of the economy that necessitated a change for Chinese people three decades ago. The central government stopped tinkering with its centrally planned economic system, sparking a spectacular transformation to a market economy allowing individuals to gain a mission of shared responsibility for determining the direction of society's development and having the freedom to pursue the goals he or she chooses as people have natural gifts and innovations.

As of mid- 2012, China is the second biggest economy in the world after the United States of America. How did this happen for China as a major economic power and one of the greatest economic success stories in modern times? What implications would it have for Africa and the rest of the world? In order to look at these questions and others, it is important to explore the path of China's economic development to this day.

The year 1979 marks the start of the reform of the modern Chinese economy and led to a surge in China's economic growth and has helped restore China as a major global economic power. Prior to that, China under Chairman Mao Zedong maintained a centrally planned economy. The major share of the country's economic output was directed and controlled by the state, which set production goals, controlled prices, and allocated resources throughout the national economy. During the 1950s, all of China's individual household farms were collectivized into large communes. To support rapid industrialization, the central government undertook large-scale investments in physical and human capital during the 1960s and 1970s.

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As a result, by 1978 nearly three-fourths of industrial production was produced by centrally controlled, state-owned enterprises.

Government policies virtually kept the Chinese economy relatively stagnant and inefficient, mainly because most aspects of the economy were managed and run by the central government, and thus there were few profit incentives for firms, workers, and farmers, and competition was almost nonexistent, foreign trade and investment flows were mainly limited to the Soviet bloc countries, and price and production controls caused widespread distortions in the economy. Chinese living standards were substantially lower than those of many other developing countries. The Chinese government in 1978 shortly after the death of Chairman Mao in 1976, decided to break with its past by gradually reforming the economy according to free market principles and opening up trade and investment with the West, in the hope that this would significantly increase economic growth and raise living standards. As Chinese leader Deng Xiaoping, the architect of China's economic reforms, put it: "Black cat, white cat, what does it matter what color that cat is as long as it catches mice?" (See in Morrison, Wayne M. June 26, 2012, p2). The expression appears to have meant that it did not matter whether an economic policy was considered to be capitalist or socialist, what really mattered was whether that policy boosted the economy.

In the China of 1949-1978, there was a single and quite clear motivation and belief structure that provided the reasons for all rules, and these rules in turn determined patterns of interactions both within the country and outside. However, as Deng Xiaoping gradually gained political leadership in the late 1970s, and his interests in reform matured, his beliefs were undergoing transformation. This clearly manifests for many that how much an individual with visionary mind can make a difference in society and a country. Deng witnessed the advancement of the West in science and development. He was pragmatist and open to learn new ideas.

1979 consequently marked the launching of several economic reforms. The institutional change started with Guangdong and Fujian provinces in South East China, and to the rest of the country in the shortest time. The institutional change touched almost all sectors of the economy, rural and urban, to bear witness of the dynamic transformation of China's economy in the 21st century as the 2nd fastest economy. The central government initiated price and ownership incentives for farmers, which enabled them to sell a portion of their crops on the free market.

In addition, the government established four special economic zones along the coast for the purpose of attracting foreign investment, boosting exports, and importing high technology products into China. Additional reforms, which followed in stages, sought to decentralize economic policymaking in several sectors, especially trade. Economic control of various

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enterprises was given to provincial and local governments, which were generally allowed to operate and complete on free market principles, rather than under the direction and guidance of state planning. In addition, citizens were encouraged to start their own businesses.

Additional coastal regions and cities were designated as open cities and development zones, which allowed them to experiment with free market reforms and to offer tax and trade incentives to attract foreign investment. In addition, state price controls on a wide range of products were gradually eliminated. Trade liberalization was also a major key to China's economic success. Removing trade barriers encouraged greater competition and attracted foreign direct investment (FDI) inflows. The huge population of China and availability of big local market has also been another incentive for flow of FDI. China quickly moved from a planned economy to a market economy of its own character with three fundamental elements: property right, an open market and private enterprise. Yet, the state in China being defined as developmental state still has major control on the economy as we will see later.

PROGRESS OF ECONOMIC GROWTH

Since the introduction of economic reforms, China's economy has grown substantially faster than during the pre-reform period. The present Chinese economic growth is a result of decades long and continuous reform measures, which could be divided into three stages. During the first phase, from 1958 to 1978, as the government implemented a decentralized command economic system, the focal point of reform was the central government's delegation of power and yielding of profit-making to lower levels of government. The second phase stretched from 1979 to 1993 and was a phase of increased reform that saw a greater focus on promoting the economy in areas beyond state-owned entities. Private enterprises grew in strength, which moved forward the entire national economy. The third phase began in 1994, and continues to day. It is a push-forward phase, with the goal of establishing a market economy and carrying out comprehensive reforms aiming at moving towards a greater global economic integration. Elements of these phases are intertwined.

The key to China's dramatic economic transformation is that country's industrialization at the level of the individual Chinese enterprise and factory. It is also to note for our understanding that much of the impetus for China's industrial transformation originated with two highly successful reform initiatives: the Open Door Policy and the Rural Reform Program. It has also been noted that the Open Door Policy opened China's coastal provinces to foreign trade, investment, and an influx of new technologies, managerial initiative, and foreign exchange. The Rural Reform Program led to immediate productivity gains in rural agriculture that, in turn, vastly expanded the supply of domestic savings and surplus labor while unleashing individual and local government entrepreneurial initiative. Together the Open Door Policy

and the Rural Reform Program created a surge of new industrial enterprise formation, intense competition within many product groups, and pressures for both technological and institutional change. These conditions of reforms have forced China's centrally controlled trading system, its institutions of factor allocation, and its industrial enterprise system to adapt continuously to the requirements of a modern market-oriented economy. The two reform programs practically created a fertile environment that allowed for the formation and entry of new capital, labor, managerial initiative, and firms, thereby creating effective competition for development throughout the country. For example in one source, by the mid-1990s more than 7 million industrial enterprises in China employed more than 140 million workers, up from about 50 million in 1978 and nearly equal to the combined industrial work forces of the 28 OECD economies (World Bank 1997).

According to the Chinese government, from 1953 to 1978, real annual GDP growth was estimated at 6.7 %, although many analysts claim that Chinese economic data during this period are questionable because of exaggeration by the government officials, and estimate at 4.4% (Maddison, Angus, 2007). During the reform period, since 1979, China's average annual real GDP grew by 9.9 %. This essentially has meant that, on average China has been able to double the size of its economy in real terms every eight years (Economic Intelligence Unit, based on official Chinese government data, 2012). The same source indicates further that the global economic slowdown, which began in 2008, impacted the Chinese economy, especially the export sector. China's real GDP growth fell from 14.2 % in 2007 to 9.6 % in 2008 to 9.2 % in 2009. In response, the Chinese government implemented a large economic stimulus package and an expansive monetary policy. These measures boosted domestic investment and consumption and helped prevent a sharp economic slowdown in China. In 2010, China's real GDP grew by 10.4 %, and in 2011 it rose by 9.2 %. During the first quarter of 2012, real GDP growth was 8.1 % on a year-on-year basis.

Many wonder to understand the causes of China's economic growth. Economists, however generally attribute much of China's rapid economic growth to two main factors: large-scale capital investment (financed by large domestic savings and foreign investment) and rapid productive growth. These two factors appear to have gone together hand in hand and the economic reforms led to higher efficiency in the economy, which boosted output and increased resources for additional investment in the economy (Congressional Research Service Report of the U.S.A, June 26, 2012 :5). China has historically maintained a high rate of savings. China's gross savings as a percentage of GDP has steadily risen, reaching 53.9 % in 2010 compared to a U.S. rate of 9.3 %, and is among the highest savings rate in the world (Economic Intelligence Unit Database, 2010). Thus, the large level of savings has enabled China to boost domestic investment. The same source shows that China's gross domestic

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savings levels far exceed its domestic investment levels, meaning that China is a large net global lender.

Several economists have also concluded that productivity gains (i. e., increases in efficiency) have been another major factor in China`s rapid economic growth. The improvements to productivity were caused largely by a reallocation of resources to more productive uses, especially in sectors that were formerly heavily controlled by the central government, such as agriculture, trade, and services. The Chinese government has indicated its desire to move away from its current economic model of fast growth at any cost to more “smart” economic growth, which seeks to reduce reliance on energy-intensive and high-polluting industries and rely more on high technology, green energy, and services. Measuring the size of China`s economy, measured in U.S. dollars using nominal exchange rates, China`s GDP in 2011 was \$11.2 trillion, less than half of the size of the U.S. economy, according to the Congressional Research Report of 2012.

FLOW OF FOREIGN DIRECT INVESTMENT (FDI) TO CHINA

China`s trade and investment reforms and incentives led to a surge in FDI beginning in the early 1990s. such flows have been a major source of China`s productivity gains and rapid economic and trade growth. There were reportedly 445,244 foreign- invested enterprises (FIEs) registered in China in 2010, employing 55.2 million workers or 15.9 % of the urban workforce (China 2011 Statistical Yearbook). According to the same source, in 2011 FIEs in China accounted for 52.4 % of the country`s exports and 49.6 % of its imports. According to the Chinese government, annual FDI inflows into China grew from \$2billion in 1985 to \$108billion in 2008. Due to the effects of the global economic slowdown, FDI flows to China fell by 12.2% to \$90 billion in 2009. They totaled \$106 billion in 2010 and \$116 billion in 2011 (United Nations Conference on Trade and Development (UNCTAD) and Chinese Ministry of Commerce, 2011).

At the end of 2011, the cumulative level or stock of FDI in China is estimated at \$1.2 trillion, making it one of the world`s largest destinations of FDI, but second to the United States, according to UNCTAD. The largest sources of cumulative FDI in China for 1979- 2011 were Hong Kong (43.5 % of total), the British Virgin Islands, Japan, the United States, Taiwan, Singapore and South Korea.

CHINA`S GROWING FDI OUTFLOWS

A key aspect of China`s economic modernization and growth strategy during the 1980s and 1990s was to attract FDI into China to help boost the development of development firms. Investment by Chinese firms abroad was sharply restricted during the period. However, in 2000, China`s leaders initiated a new “go global” strategy, which sought to encourage Chines

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firms, primarily State Owned Enterprises (SOEs) to invest overseas. One key factor driving this investment is China's massive accumulation of foreign exchange reserves. Traditionally, much of those reserves have been invested in relatively safe, but low-yielding assets, such as U.S. Treasury securities. According to the evidence provided by Michael F. Martin, on September 29, 2007, the Chinese government officially launched the China Investment Corporation (CIC) with initial capital of \$200 billion, making it one of the world's largest sovereign wealth funds (Martin, Michael F., in Congressional Research Report, 2011). Another factor behind the government's drive to encourage more outward FDI flows has been to obtain natural resources, such as oil and minerals, and other raw materials deemed by the government as necessary to sustain China's rapid economic growth, and develop globally competitive Chinese firms with their own brands. Moreover, investment in foreign firms or acquiring them is viewed as a method for Chinese firms to obtain technology, experiences, management skills, and often, internationally recognized brands, needed to help Chinese firms become more globally competitive.

According to different sources, China has become a significant source of global FDI outflows, which rose from \$2.7 billion in 2002 to \$67.6 billion in 2011 (Chinese Ministry of Commerce, 2011 Statistical Bulletin on China's outward FDI). In 2011, China ranked as the 9th largest source of global FDI, according to the United Nations (UNCTAD, Global Investment Trade Monitor, April 12, 2012). In the same UN report, the stock of China's outward FDI through 2011 is estimated at \$384.9 billion.

China's data indicates that the top five destinations of its FDI outflows in 2010 were Hong Kong, which accounted for 56.5 % of total; the British Virgin Islands, the Cayman Islands, Luxembourg, and Australia. The United States stands 7th. The Chinese Ministry of Commerce also indicates that four out of 10 of biggest overseas Chinese corporate investors were oil companies, based on FDI stock through 2010.

According to A Capital Dragon Index, a firm that tracks China's FDI, 56% of China's outbound FDI in 2011 was in greenfield projects, such as new plants and business facilities, and 44% involved mergers and acquisitions. In terms of sectors, 51% of China's 2011 FDI went to resources, such as oil and minerals, 22% to chemicals, 14% to services, 12% to industry, and 1% to automotive, and State Owned Enterprises (SOEs) accounted for 72% of Chinese FDI that involved mergers and acquisitions in 2011 (A Capital Dragon Index, 2011 Full Year, available at [http: www.acapital.hk/dragonindex/datasheets](http://www.acapital.hk/dragonindex/datasheets)). The same source estimates that China's first quarter 2012 outbound FDI was \$21.4 billion and that SOEs accounted for 98 % of mergers and acquisitions, which were largely in resources (A Capital Dragon Index, 2012 Q1, available at the same website).

CHINA`S TRADE

Economic reforms, trade and investment liberalization have helped transform China into a major trading power. Chinese merchandise exports rose from \$14 billion in 1979 to \$1.9 trillion in 2011, while merchandise imports over this period grew from \$16 billion to \$1.7 trillion (The Economist Intelligence Unit, 2011). The same source further indicates that the annual growth of China`s exports and imports averaged 19.5 % and 18.4 %, respectively. According to the Ministry of Commerce of China, although Chinese exports and imports dropped sharply in 2009 over the 2008 levels, because of the global economic slowdown, they both recovered in 2010 and exceeded the pre-crisis levels (record of the Ministry of Commerce, China 2011).

China overtook Germany in 2009 to become the world`s largest merchandise exporter and the second largest importer, and China`s share of global exports increased from 3.3 % in 2000 to 10.4 % in 2011; and the World Bank in this pattern projects this figure could increase to 20% by 2030 (The World Bank, China 2030, 2012, p14). The World Bank also indicates that merchandise trade surpluses, large-scale foreign investment, and large purchases of foreign currencies to maintain its exchange rate with the dollar exchange reserves at \$3.2 trillion at the end of 2011.

According to trade records, Chinese major trading partners in 2011, which include the 27 countries of the European Union (EU27), the United States, Japan, Hong Kong, South Korea and the 10 nations that constitute the association of Southeast Asian Nations (ASEAN) (see Global Trade Atlas and World Trade Atlas, 2011). According to Chinese data, it maintained substantial trade surpluses with the United States, the EU27, and Hong Kong. For example according to China`s report, it had a \$206.2 billion trade surplus with the United States and \$144.8 with the EU27 (Ministry of Commerce, China 2011).

CHINA` GROWING DEMAND FOR ENERGY

China`s rapid economic growth has fueled a growing demand for energy, such as petroleum and coal, and that demand is becoming an increasingly important factor in determining global energy prices. According to the International Energy Agency (IEA), China overtook the United States in 2009 as the World`s largest energy user. In comparison, China`s energy demand was only half that of the United States in 2000 (International Energy Agency, 2011 World Energy Outlook). According to the same source, China`s demand for energy from 2008 to 2035 will account for 35% of the projected increase in global demand for energy during the period. Furthermore, it is also asserted that by 2035, China is projected to consume 70% more energy than the United States, even though, on a per capita basis, China`s energy consumption will be less than half of the U.S. levels.

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China is the world's second largest consumer of oil products after the United States at 9.8 million barrels per day(bpd) in 2011 compared to 3.9 million in 1997, and that level is projected to rise to 16.9 million bpd by 2035 (U.S. Energy Information Administration, *Forecasts and Analysis*, 2011). China became a net oil importer (i.e., imports minus exports) in 1993. Net oil imports grew from 632 thousand bpd in 1997 to about 5.0 million bpd in 2010, making it the world's second largest net oil importer after the United States (U.S. Energy Administration, *China Energy Newswire*, and *British Petroleum June 2010 Statistical Review of World Energy*). Furthermore, China's net oil imports are projected to rise to 13.1 million bpd by 2030, a level that would be comparable to the European Union in that year (IEA, *International Energy Outlook*, September 19,2011).

CHALLENGES OF THE ECONOMY

China's economy has shown continuous remarkable growth over the past three decades, and many economists project that it will enjoy fairly healthy growth in the near future. However, economists caution that these projections are likely to occur only if China continues to make major reforms to its economy. They also note that China's current economic model has resulted in a number of negative economic and social outcomes, such as over-reliance on fixed investment and exporting for its economic growth, extensive inefficiencies that exist in many sectors, due largely to government industrial policies, wide-spread pollution, and growing income inequality, to mention a few. Economists and analysts of Chinese economy also argue that many of China's economic problems and challenges stem from its incomplete transition to a free market economy and from imbalances that have resulted from the government's goal of economic growth at all cost. The Chinese government still contend that China is a "socialist-market economy." This appears to indicate that the government accepts and allows the use of free market forces in a number of areas to help grow the economy, but where the government still plays a major role in the country's economic development.

The banking system in China is largely controlled by the central government, which attempts to ensure that capital (credit) flows to industries deemed by the government to be essential China's economic development. China does not allow its currency to float and therefore must make-large- scale purchases of dollars to keep the exchange rate within certain target levels. The government sets interest rates for depositors at very low rates, often below the rate of inflation.

China's economic growth model has emphasized the growth of heavy industry in China, much of which is energy-intensive and high polluting. According to the World Bank, 20 out of 30 of the world's most polluted cities are in China, with significant costs to the economy, such as health problems, crop failures, and water shortages. Since industries in China are oriented toward competition on the international market, Chinese industrial development is

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increasingly influenced by international economic changes. On the international level, Chinese competitive strength is still relatively weak because Chinese industries remain in the middle echelon of the international division of labor and because technology in China is relatively lower than in other industrialized nations. China, therefore, needs to improve its industrial and technological advancement and management in order to boost its international competitiveness.

Other challenges in China include public unrest due to a number of issues, such as pollution, government corruption, land seizures, frustration as a result of the income gap, lack of consistency and transparency in some rules and regulations, to mention some. However, despite the experience of these and other economic challenges, China's rapid economic growth and emergence as major economic power have given China the status of global power, which will continue to grow and modernize as an influential player on the global stage. China's economic development as explained earlier has undergone a three decade plus market-oriented reform since 1979, being influenced by the economic evolution and structural transformation mostly driven by domestic factors and by economic globalization and worldwide industrial progress. This is believed that the Chinese economy will continue to be influenced by the same factors. Whether China's economy can continue down this glorious path of development for the decades to follow, will depend on how well the government deals with new challenges and continues to complete the reform process.

Compared with the past, it is also necessary to take cognizant of the fact that other equally important factors have also come into the picture within the effects of globalization as we move into the 21st century. These new forces include, but not limited to, the transformation of former centrally controlled economies into market economies; transformation of import substitution in developing economies into export oriented development; use of transnational management strategies and global expansion of large corporations in developing countries; flows of commodities, services, personnel, and capital increased by modern science and information technology advances; and a stable political environment brought about by detent that encourages international capital flows. Thus, economic globalization helps perpetuate the integration of national economies leading into fierce competition.

AFRICA IN THE FOCUS OF CHINA

As opportunities for economic relations diversified, the horizon of China's economic engagement has also broadened. Countries of Asia, Africa and Latin America have shown a great deal of prospects for economic development and have become important economic forces in global change. China has practically become successful in penetrating the economies of developing world as the champion of their causes and model of development. Today, China is a strong global economic and political power. It is the second biggest global economy

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after the USA. It has a veto power in the UN Security Council; and is a nuclear power. Its economic power effectively impacts on the world economy shattering the traditional order dominated by the industrial western nations. It is also becoming an evident that the center of gravity of the world economy has moved to the East because of the Chinese economic performance.

As we will see below in the next chapter, Africa is not spared from the impact of the Chinese progress. China is present directly or indirectly almost in all African countries. Chinese investors, diplomats, and experts have actively operating in the continent. As Chinese cooperation and assistance are not subjected to any political conditionality, Chinese presence in Africa has been received warmly in all aspects of relations. The presence of China in Africa in the aftermath of the Cold War has been factored by some reasons: the long standing problems of underdevelopment in Africa, the marginalization of Africa in the period following the Cold War, the renewed aspiration of the continent for transformation created by social movements, and the impact of the emerging economies on Africa, just to mention a few. Consequently, the Chinese presence in Africa today is very visible in all sectors, including in political fronts, in bilateral and multilateral relations. It is a fact of the day that China is shaking the continent of Africa with far reaching influence on current and future African development and globally. This new development has raised eyebrows and mixed feelings or reactions, particularly in the West. But for Africa, it is a blessing for a continent once casted as doomed and hopeless by the West. Beginning the turn of the century, the consequences brought by China, politically and economically, in Africa have been very significant. The outcome of the institutional changes in China and the way China has swiftly developed provide lessons for Africa, and developing countries in general. How do we characterize this relation? What impact does it have on African development? How does it differ from the African past relation with the West? I would try to explain these and other questions in the following chapters.

CHAPTER IV: AFRICA-CHINA RELATIONS: General Analyses and Implications

The development of circumstances in Africa is changing for better, with new emerging partners from the global South taking on a more important role as providers of much needed finance and know –how for Africa`s development. China has become the most important emerging strategic partner, and Chinese enterprises have increased their trade and investment relations with African counterparts particularly since the late 1990s. China indeed is not new to the African continent. But its renewed presence in recent decades has grown significantly. Chinese engagement has come at a time when the business and political environment have improved across the continent as a new sense of transformation and self-

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determination has started taking root. The growing trade and investment relations are often supported by grants or concessional loans from China's government, as part of the country's "Going Global" strategy. This profoundly enhanced engagement is partly the outcome of a change on the power of China on the global stage; and partly the result of China's interest in Africa's rich natural resource base to support its surging economy. For Africa, it provides for new thoughts on development.

It is a fact that a large share of China's trade and investment has been linked to extractive industries and related infrastructure. Equally important, infrastructure development is a clear priority for the African economy. The Chief Economist and Vice –President of the African Development Bank Group states that with an annual infrastructure investment gap in Africa of about USD 50 billion, China's contribution to reducing the transport, power, and telecommunication deficits on the continent is a welcome complement to the efforts by national governments, private investors, and the donor community (Ncube, Mthuli, 2011, p.4). It becomes vividly clear that China's impact on African economies has started to bear fruits covering a wide range of sectors. For example, the creation of Chinese-operated Special Economic Zones in several African countries has the potential to provide a marked boost to the manufacturing capacity of many African countries. The comprehensive assessment of the Africa-China relations and analysis of the opportunities and challenges will help us understand the nature of the growing engagement. We will examine the process of the relations and how the financial, technological, entrepreneurial, and knowledge resources from China benefit the African economies.

Historically, the modern relations of Africa and China started after 1949 with the foundation of the People's Republic of China. The record also shows that following the foundation of the Communist victory, about 100,000 Chinese fled landing in Africa and settled in South Africa, Madagascar, and Mauritius (Wikipedia: Africa-China economic relations). The number of the Chinese presence in Africa increased in large number through the economic engagement mainly after 1980.

Under this chapter, I will examine critically the Africa-China relations in context by conceptualizing China's economic activities in Africa and analyzing the ramifications of the evolving relations for economic development in the continent and its implications. Before dwelling on this, we will in brief look at what the international situation following the end of the Cold War exactly looked like, through which the new Africa-China relations emerged, and a short clarification on principles of cooperation will also be made.

THE INTERNATIONAL SITUATION

In the view to comprehensively understand the factors that have led to the dramatic emergence of the Africa-China relations, it would be appropriate to make a short analysis of the international situation in the immediate end of the Cold War. I should also here leave a note that when we say the emergence of the Africa-China relations is merely referring to the recent and intensified relations which have developed in the aftermath of the Cold War. This does not by any means to say that the Africa-China relation is only a recent one just in a time span of two decades. As a matter of fact, though the modern history of Africa-China relation starts after 1949, the engagement of China with Africa goes back many centuries. However, the focus of this research is bound to look at and assess developments mainly after 1990s in that regard.

The 1990s and early 2000s were characterized by many important events that have facilitated for the Africa-China relations to enter a historic moment of progress. The end of the Cold War inspired public movements for changes questing for equality, freedom, democracy and development in the former socialist states and developing countries. The pressure on governments has become unbearable and their authorities have been challenged, and the stability and security of many of these states have been threatened. The outstanding features of such situation included as well, the widening gap between the North and South, new manifestation for multipolar politics, rising threat from terrorism and the sporadic outbreak of local conflicts. On the other hand, the post-Cold War period has also created a favorable environment for growing aspiration to build global shared values for common goods on matters that affect all. Strengthening international cooperation, observing international norms and rules, striving to achieve common development, security and prosperity have also become the consensus views of most countries. It has been as well evident that despite all the challenges, the desire for global peace, cooperation and development have remained the irresistible trend of history. The phenomenon of globalization has been felt by all more than any other time as the nature of global international relations after the collapse of communism in Eastern Europe and disintegration of the former Soviet Union have quickly moved into a multipolar system.

It is indeed true to note that the traditional security challenges in many parts of the world have continued to exist side by side with a new type of security threats. Clashes caused by ethnic and religious grounds or conflicts arising due to border and territorial claims; poverty and underdevelopment; political oppression along different grounds; bad governance; lack of democracy, and environmental challenges, to mention some, have continued to create havoc from time to time, particularly in Africa. The world in this regard is still far from finding lasting solutions to the many challenges. The Palestine long standing problem, the Iraqi and Afghan crises, the political stalemate between India and Pakistan over Kashmir, the tension at the

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Korean Peninsula, the Iran Nuclear dilemma, and the danger of global terrorism have continued to test the ability of global governance and becoming a menace to international peace and stability with far reaching global implications.

Developments that took during the period had significant and serious implications on Africa, more than any other region in the world due to many obvious causes as explained well above. Many of these problems- Conflicts, military coups, and the growing threat of global terrorism coupled with the adverse implications of economic globalization and the persistent challenges of underdevelopment in the continent have still continued to pose a real challenge on the prospect of African future.

Yet, Africa is not in a hopeless situation. The events that took after the Cold War have also provided it with ample opportunities in asserting itself and charting out its future. It has struggled in many ways to take stock of the past and make use of the good environment created at its disposal. These are factors that have brought the emergence of a new spirit of strategic partnership in the Africa-China relations. Both Africa and China found themselves in a historical moment of time, which many have wondered to understand the phenomenon with a sense of curiosity generating mixed reactions.

PRINCIPLES OF COOPERATION

Cooperation in international relations is the predominant pattern of international politics, and can be defined as two or more states or regions acting together in partnership and committed to the achievement of specific objectives. International cooperation involves a wide range of areas of common interests-military, politics, economic, trade, social and cultural matters. International cooperation assumes many forms: bilateral, multilateral and use of alliances or political groupings. International cooperation could also take place not only among friendly nations, but could be among unfriendly or warring nations in the view to take certain joint cooperative actions under specified conditions. The commitment for cooperation could be formal or informal. In the former, the participants are bound by a contract specifying the objectives and activities, and the relationship is manifested in the founding of an international institution. In the latter case, the participants in the cooperation of relations leave their interests unspecified except in the broadest terms, such as their mutual desire to develop and maintain peaceful relations, and conduct their relationship largely on an ad hoc basis. International law in this regard requires states to cooperate in their relations for the interest of humanity, global peace and stability.

CIRCUMSTANCES FOR AFRICA-CHINA RELATIONS

When it comes to discussing the Africa-China relations, one should note that this is between a continent hosting 55 countries, the largest developing countries with over a billion

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populations, and a country, China, the most populous nation of over 1.3 billion people. The recent development in the Africa-China relations has come to draw the attention of many generating mixed reactions. Due to the dramatic consequences in the Africa-China relations, Africa, once labeled doomed and hopeless, suddenly today call it by those who not long time before ignored and marginalized it as a “rising” continent. We are witnessing the evolution of many questions over the motives of China. Is China a new colonial power? Or is it a strategic partner of Africa ready to offer what its former colonial powers did not? What are the implications or for Africa and beyond? Around the globe, from the academic circles, think-tanks, media communities, diplomats alike, the questions on Africa-China relations have arguably become one of the most debatable issues. In order to shed light on this, we must analyze the main characteristics of the relations, challenges and opportunities associated with.

Just to lay more emphasis on the background, the first China`s contacts with Africa dated back to the 2nd B.C when during a time of a Chinese Du Huang of the Tang Dynasty (618- 907) visited the eastern part of Africa. The second time was in the mid-1950s with the Bandung Conference of 1955 when 6 African countries out of 27 developing countries attended in Indonesia. This time, the central objective of the Chinese diplomacy between the founding of the New China in 1949 and the mid-1955 was to consolidate the hardly won independence. China immediately began to involve in the continent supporting the ant-colonial struggle of Africa. This involvement reached to its high tide by the mid-1960s as the process of decolonization in Africa assumed to a historical record as 29 countries in the continent obtained independence by mid-1960s (Yu, George T., 1975, p7). From 13 December 1963 to 5 February 1964, Premier Zhou Enlai and Vice Premier Chen Yi toured 10 African countries and asserted that “ revolutionary prospects are excellent throughout the African continent (Meredith, M., 1984, p177). China`s Africa and Arab foreign policy was guided by the five principles:

1. Support the Arab and African peoples in their struggle to oppose imperialism and old and new imperialism,
2. Support the pursuance of a policy of peace, mutuality and non-alignment,
3. Support these people achieve unity and solidarity of their own choice,
4. Support them to settle their disputes through peaceful consultation,
5. Support the sovereignty of these peoples.

The Africa-China relation however was setback in 1965-70, due to the difficult period of the Chinese Cultural Revolution, and the preoccupation of the newly independent African states with the challenges of conflicts and process of national building. This, however, changed since 1970s and the Africa-China relations have revived as China began to go global and the African states supported China`s entry into the UN Security Council replacing Taiwan. By the early

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1970s, China had formal relations with 29 African states (Yu, George T., 1975, p11). China's relation this time with Tanzania was considered to be a model as China for the first time had initiated a number of economic and technical assistances in the agricultural and infrastructural areas. The biggest of all was the construction of the 1,800km Tanzania-Zambia railways with the Chinese investment assistance of about US\$400, interest free loan provided. China also during the same period financed several showcase projects, such as football stadiums and public buildings. From general perspective, it was a fact that China in its foreign policy always viewed African states as partners with the same objective which struggled against colonialism and imperialism and have continued to suffer under neocolonialism. It thus believes that it shares the same type of experiences that Africa has gone through. In the Chinese eyes, therefore, Africa is a partner in defending common interests and facing the same challenges- challenges of development and external pressure.

The third Africa-China relation is the one now underway, which started after the launch of China's economic reforms since 1979. Since then, the Africa-China relations have evolved into a historical stage of growth and gained impetus beginning late 1980s, with substantial impacts for both sides and the world at large. The fruits of the relations have started being vividly seen by both sides in a very short period of time. The fast economic growth of China has enabled it engaged widely and proactively with Africa, and the economies of many African countries have started rising from the many developmental challenges of the past. Africa sees China as a model for development. China also sees Africa potentially a rich continent with abundant natural resources and growing market.

China in the early stage of its engagement with Africa started supporting a number of African countries in undertaking contract projects, technical services and infrastructure projects. The guiding objective of Chinese aid has been that recipient countries must be provided the freedom to manage their own development agenda and China's role should be limited to the transfer of technology and material resources. The methodology to ensure sustainability of Chinese-funded projects in Africa is by helping countries to strengthen national management, maintenance, and skills development. The most important value one may notice in Chinese development cooperation with Africa over the past three decades have been the recognition that close consultation with recipient governments and their constituencies is a prerequisite for the sustainability of projects and programs; and the recognition that capacity-building should translate as real transfer of knowledge and skills, especially in those projects financed by China (Cheru, Fantu and Obi, Cyril, 2010b, p80).

Indeed, all this happened with good reasons due to the development of favorable conditions following the end of the Cold War in both Africa and China, which I should analyze below.

STIMULATIVE FACTORS FOR AFRICA

- 1. Emergence of visionary leaders in the continent**
- 2. The impetus of Africa`s Economic Reform**
- 3. Scaling down of the level of conflicts in Africa**
- 4. The rise of China as an inspiration for African development**

Emergence of Visionary Leaders in the Continent

The wind of change that swept over the entire world as immediate consequences of the culmination of the Cold War had also significant impact, particularly beginning 1990s, on Africa causing a continental wide public uprisings and social protests against the central governments in many parts of the continent. Most types of these conflicts were internal in character, which include a military coup d'état, secessionist movements and rebellious. Many of these protests were powerful being guided by armed revolutionary movements. These movements almost had common causes, calling for change of dictatorial regimes; building institutions of democratic and good governance; undertaking extensive economic and social reforms to fight poverty; building peace and security as a pre-requisite for development; ensuring constitutional governance for respect of human rights and equality of people regardless of their nationality, ethnicity or religion; improving the international image of a country; working out a foreign policy that asserts the independent choice of a country and focuses on building good relations of cooperation.

The long standing problems of most African states since independence, conflicts, bad governance, social suppression and exploitation, poverty and the adverse effects of underdevelopment gave birth to social movements as circumstances in the post-Cold War period have provided favorable environment for such public uprisings for change. Africa during this period experienced dramatic challenges and opportunities in terms of addressing these issues. On the top of that, the intensity of globalization following the end of the Cold War has also its own implications on Africa, negatively and positively. As Golan and Gal argue that globalization in its various forms (social, cultural, political as well as economic) has often contributed negatively to conflicts – by creating hardship leading to grievances, disrupting social cohesion or arousing xenophobia and fundamentalism in reaction to outside influences, or by sustaining violence through the flow of resources (currencies, weapons, personnel, ideas) in perpetuating armed conflicts (Golan and Gal, 2009, p 123). Africa has seen all these challenges and still are hinging on the continent. The positive aspects of globalization are many, but include that it provides states with ample opportunity to use new technology, know-how, innovation and learning of new ideas from each other through global connection.

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The social movements in most cases supported by armed struggles have brought up not only revolutionary ideas but also new generation of African leadership who have shown visions for their countries and the continent. The best examples on the list include the new leaderships of Ethiopia, Uganda, Rwanda, Liberia, Sierra Leone, Mozambique, Mauritius, South Africa, Angola, Botswana, Tanzania, and Ghana, just to mention some. Except the last three, the rest emerged out of protracted intrastate armed conflicts, political struggles and wars in the 1990s. The fruits of these visionary leaderships of these countries have clearly been exemplified in designing series of reforms, building institutions, and putting their countries on path of development and building of democratic governance. The African transformation thus started first within.

THE IMPETUS OF AFRICA`S ECONOMIC REFORM

The period from the mid-1980s to the first half of the 1990s was believed to be Africa`s most difficult period economically and politically as many part of the continent was engulfed by wars, civil strife, coups, and social movements. The genocide that killed close to a million people in Rwanda in 1994 was one of the worst histories of Africa that the entire world will not forget. However, Africa`s economic reform programs began to take shape beginning the 1990s as the landscape of the political atmosphere was quickly changing globally and in Africa. African countries undertook the process of multiparty democracy and liberalization of the economy under the guidance of the IMF and World Bank. Market forces were allowed greater freedom in the revitalization of African economies. Africa has begun to take stock of the past and assess its future in order to assert its direction. Many African countries have begun to introduce as set of active reforms and policies to hasten the pace of privatization, opening up international trade and reform based on bilateral and multilateral relations.

The failure of SAPs, the developmental crises and weak institutions in Africa brought up a rethink of a new path of developmental option that Africa wanted to undertake. This has become, therefore the beginning of a new paradigm shift in the conception of African development and governance as it moves away from a focus on macro-economic stability, national security and electoral democracy to that of a concern about people`s living standards and participatory democracy and cooperative governance. Thus, the state is brought into the development and governance process as a major actor. Much African leadership have adopted this thinking and registered a clear record of transformation. To this end, the focus of many African states has continued to become economic development, poverty alleviation, resolution of conflicts and ensuring their political stabilities. Most governments accordingly have set developmental programs with the task of pursuing the process of economic and social transformation where the states have assumed significant roles as agents and facilitators of development.

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The opening up of African economies and the spirit of change that begun to surface in Africa has provided China with an opportunity to find a new frontiers for its growing economy and “go global” strategy. Beijing saw the desire of Africa for transforming its economies in the quest for fighting poverty and ensuring peace and stability. China which is very much aware of the importance of Africa as an ally and a partner for its growing global economic and political influence, sought economic and political cooperation with African states with no political conditions. They encouraged joint ventures with states in Africa and opening up new markets for their products in the continent, particularly for household appliances, garments and other domestic products as these items were more receptive in Africa. The African business people also saw the Chinese manufactured goods and equipment cheaper and affordable compared to the ones imported from the West. Moreover, as the domestic markets of many African countries were small in size with little competition, the opportunity for China has become immense. China has also been aware of the fact that Africa too is rich in natural resources, particularly in crude oil and other strategic minerals, nonferrous metals, and fisheries. It should also be important to note that Africa has also obtained a new frontier for export of its agricultural commodities to the huge Chinese market and sources of investment, and assistances for its policies of economic development.

By the turn of the twenty-century, Africa`s vision for development has been defined by the challenges of transformation on international relations. The new development on international scene has been an opportunity for Africa to change its long time marginal position in global political and economic spectrum, and to shift from a post-cold war US-led unipolar global order, in which the new emerging powers from the global South will greatly influence international affairs. China, India, Brazil, South Korea and South Africa are of such leading actors. In this perspective, China has become the leading Africa`s most prominent economic and political partner, and its growing success has immensely impacted the continent transforming Africa`s international relations in a dramatic manner at the time when the record of the West in the continent is poor. It has become an obvious case that the continent of Africa is no longer under the monopoly of influence of the West. Africa on the other hand has found China as an alternative source of future development. China charts out policy direction for Africa to assist it through aid, increase trade, and investment in strategic sectors of African economies to leverage international politics, gain access to growing markets and acquire much required raw materials from the continent.

For Africa, the emergence of China for the last two decades as a potential important development partner has come at a time when Africa was increasingly marginalized by the West, and when African states have been engaged in a fresh impetus to take stock of what went wrong Africa`s development in the past half-century. Beginning the 1990s, the favorable

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internal and external factors brought opportunities for Africa to revive serious discussions on African integration and issues of development (Cheru and Obi 2010, p264b).

SCALING DOWN OF THE LEVEL OF CONFLICTS IN AFRICA

Two important factors have played important roles in the scaling down of conflicts in Africa. The first one is that the wave of intrastate conflicts which engulfed many parts of Africa following the end of the Cold War began to subside in the second half of the 1990s as many African governments introduced new reforms and policies to address the many challenges of their countries and responded to their social demands for good governance and poverty alleviation. African leaders have also played decisive roles through their continental organization, the Organization of the African Unity (OAU) in preventing, managing and resolving conflicts in the continent. In this regard, some of the conflict spots could be mentioned. The long standing Eritrean war of secession from Ethiopia ended in 1991 with a referendum for independence. The anti- military dictatorial rule in Ethiopia ended in 1991 with success after a protracted armed struggle of seventeen years of social movements. The internal conflicts in Rwanda, Uganda, Burundi, the Great Lakes region, Liberia and Sierra Leon ended. The racial Apartheid regime in South Africa was brought to an end through a revolutionary struggle of Africans heralding a democratic system. The post- independent civil wars came to an end with democratic elections and political settlements in Mozambique and Angola. The Ethiopia-Eritrean border conflicts which erupted in 1998 end in 2000.

Consequently, the diplomatic and political efforts that the OAU put during the decade of the 1990s in establishing the Mechanism for Conflict Prevention, Management and Resolution had more impact, increasing visibility in scaling down many of the critical conflict areas as indicated above. The other area that deserves to mention in tackling conflicts in Africa was the handling of the challenge of the unconstitutional change of government in Africa as it was a source of instability and destruction. This however was changed in 1997 after a relentless diplomatic work of the OAU that African leaders endorsed at their Summit in Harare, Zimbabwe, a decision opposing unconstitutional change of government and later provided a further clarification on the legal framework of its implementation in the Summit held in 2000 in Lome, Togo (AHG/Decl.5/XXXVI, 2000). The African Union (AU), which later succeeded the OAU in 2002, with the view to provide a stronger foundation and mechanism for prevention of conflicts in Africa. The AU's principle of conflict prevention includes the promotion of democracy, good governance, the rule of law, development and the protection of human rights. Thus, the issue of conflict resolution has become the cardinal objective of African leaders in their efforts towards development. The two matters have been interconnected. However, we should note that despite all these efforts, Africa even as we speak by the end of 2012, is not yet free from the scourge of conflicts or conflict related crises. But the continent is quickly changing in all aspects of development. The perception of the international

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community on Africa is also changing. Consequently, the scaling down of the intensity and amount of conflicts in Africa has created favorable conditions for economic development and political stability.

THE RISE OF CHINA AS AN INSPIRATION FOR DEVELOPMENT

One of the failures of African political economy for long has been manifested due to its dependence on the West and the consequences of colonial legacies. China's miraculous development and its engagement with Africa has come at the time when Africans themselves began to assess their past in order to find out what went wrong with the continent's development in the past. The search, as Cheru and Obi put it, the search for an alternative to the Western market-led model and its possible replacement with a 'transformative development model' has led any in Africa towards considering China's recent state - guided development experience and drawing some important lessons from it (Cheru, Fantu and Obi, Cyril, 2010a). Thus, when China, India and some other Asian countries have shown a fast economic development, Africa has drawn inspiration from and sought an alternative model of development. Particularly, China's success as an emerging economy of the world in a very short period of time has become an inspiration for many countries of Africa which have just embarked on changes after the end of the Cold War. They wanted to emulate the way China has done so. Along this line, Naidu and Davies argue that China poses "a refreshing alternative to the traditional engagement models of the West...African governments see China's engagement as a point of departure from Western neocolonialism and political conditions" (Naidu, S. and Davies, M. (2006).

A Nigerian analyst concurs with the view of Naidu and Davies:

For some among Africa's contemporary rulers, China is living proof of "successful" alternative to Western political and economic models... For many of Africa's ruled, who are physically and intellectually exhausted by two decades of economic "reforms" supposedly adopted by African governments but driven by Western governments, donors and the IFIs (International Financial Institutions), China represents the hope that another world is possible, in which bread comes before the freedom to come (Obiorah, N (2007, p8). The China's path of development has provided an appealing alternative for many African economies to the hardcore neoliberal economic model or popularly known as the 'Washington Consensus'. Though China stresses that it is not there to export any form of development model, it is a reality that Africa is there to learn a lot from. Arguably, China as a model is that a strong state with the prime focus of building of institutions and elites is an essential factor to induce development.

Along the same view, the two well-known professors, Fantu Cheru and Cyril Obi (2010a) have provided three main reasoning in explaining why China has become Africa's preferred partner:

The instructive values of China's development experience for Africa: China's historical experience as a semi-colony and its spectacular growth experience since the late 1970s under the guidance of an effective developmental state have raised African interest in learning from China's success in economic management, visionary leadership and home-grown radical economic reform agenda, and the basis of its success. Of interest to African are the domestic policy lessons and the role played by the Chinese state in guiding the market in a positive direction by developing a series of institutional reforms, financial support, and investment in vital infrastructures to unlock the potential of domestic producers.

Complementarities of Chinese investment to African needs: The sectorial areas that China invests in and the choice of technology that accompanies this investment has been complementary to African needs and priorities. For example, throughout the structural adjustment decades of the 1980s and 1990s, Western development partners focused more on policy-based lending to make markets work better while neglecting investment in vital infrastructure and support services that are critical for raising productivity and reducing poverty. The Chinese are filling this critical infrastructure gap and they are doing it cheaply, less bureaucratically, and within a shorter time frame.

Chinese portray of Africa in a positive light: Contrary to the standard Western doom and gloom analysis of Africa, China holds the view that Africa is a dynamic continent on the threshold of a developmental take-off, with unlimited business opportunities that would serve both Chinese and African interests. Therefore, when China does pronounce about developmental cooperation, it avoids the language of 'aid' and development assistance and instead prefers the language of solidarity, mutual beneficial economic cooperation, 'common prosperity' and shared 'developing country' status.

As we entered into a historical juncture of recent relations between Africa and China, one cannot ignore the facts that China is becoming an important and strategic partner of Africa. It is equally true that the Africa-China relations have raised both challenges and opportunities for the continent of Africa. Chinese trade, investment and overall economic ties are fundamentally shaping Africa. For some, the characteristic of China's engagement with Africa is neo-colonial in nature than partnership. I will, however attempt to analyze this and other factors in order to answer the questions and justify the realities.

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THE CHINA`S FACTORS

The China`s factors could be featured into two major perspectives. The first one is China`s foreign policy strategy, and the second one is Africa`s strategic importance. These two reasons could provide some evidences as to how these elements have stimulated Chinese engagement with Africa.

FROM CHINA`S FOREIGN POLICY PERSPECTIVE

From the first perspective, we can view that China`s growing interest in Africa is part of its global strategy as a means of driving its modernization agenda and promotion of national interest. China`s policy of 'going global' has an inherent goal of building political and economic cooperation with states that could supersede earlier Cold War models of great power relations based on unmitigated struggles for power and domination. China`s main motivating factors for its relation could be outlined into six areas (Pere, Garth Le, 2007). First, nurture and expand its geopolitical influence on the basis of several instrumental imperatives that underpin its future economic growth, and advance its national interest (political, security, economic, social, and cultural). Second, to sustain access to the continent`s rich natural resources. Third, to make inroads to into an African market of over a billion people that is expanding rapidly. Fourth, to enhance its own political legitimacy and standing in Africa on the basis of the 'One China Policy' in an attempt to marginalize the Taiwan dilemma. Five, to craft new axis for South-South Cooperation, with Africa as one of the key pillars of forces in building a bloc under the championship of China within the calculation of a global political balance.

As discussed above, I presume that by now it is safe to make a deductive analysis that the Africa-China contemporary relations following the end of the Cold War needs to be understood, on one hand, as the logical outcomes of the marginalization of Africa in the age of globalization, prolonged crisis in the real sectors of African economies that has translated into a combined developmental failure. The increase on the level of poverty and problems of political stability, and on the other hand, as the consequence of a dramatic growth of the China`s economy and its integration into the global market. Africa found China at the time when it badly needed a partner which can fill the gap for its economic development. China also wants to fill the vacuum in Africa created by the West since the end of the Cold War. For China, it has also been necessary in its foreign policy to pursue an international relation that sustains the economic development and security of the nation (Guoli, Liu, 2006). China`s policy makers have maintained the opinion that Beijing and the developing world must support each other and work together to prevent the over domination of the West. This perception has become a foreign policy choice of China in underpinning its relations with developing countries. It has now, however, become imperative for China to look into the

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continent both as a source of key resources and as a market for its low-cost consumer goods. The China`s relation with Africa thus could be understood within this framework of its global policy as well.

AFRICA` STRATEGIC SIGNIFICANCE

The objective strategic importance of Africa must be acknowledged as factoring significantly in China`s motivations for deepening China`s engagement with Africa, continuing to view Africa a strategically important force in its global policy. Many view that China`s primary motive in Africa is to get access to Africa`s resources and challenge the global power of the United States in Africa. Such an argument indeed omits the very essence of the truth. Although resource extraction and capital inflows are important for both sides, and China`s strategic desire of challenging the USA is a fact goes without saying, these considerations alone cannot fully explain all the dimensions of China`s activities in Africa. Nonetheless, this requires a more comprehensive understanding of the relationship through considering the long term and broader strategic interests fueling China`s motivations in Africa (Campbell, H. (2008, p.90). In this framework of understanding, a more helpful approach is to consider Africa`s strategic importance to China in the context of historical antecedents and political, diplomatic and cultural opportunities available. African engagement is thus instrumental for China achieving its broader grand strategic objective of creating a 'Beijing Consensus' to replace the prevailing 'Washington Consensus'.

"Washington Consensus" was a term initially adopted by economists in the 1980s to refer to a model of economic development predicated on neoliberal economic principles and promoted by international institutions such as the World Bank and International Monetary Fund (Williamson, John, 2004). On the other hand, the term "Beijing Consensus" is used to refer to a new global order grounded in norms characterizing China`s approach to international relations (Arrighi, Giovanni and Zhang J. Lu, 2011).

The historical parameters explain well that Africa has always featured in grand strategic calculations of the great powers. The significance of Africa`s strategic importance therefore, cannot be ignored as an important factor for China`s growing interest in Africa. Africa as a continent has always, past and present, been considered strategically important in many dimensions by external powers in history. Then, China cannot be an exception. Historically, past European colonial powers such as Britain, France, The Netherlands and Portugal put strategic significance on Africa in the course of executing their imperialist encroachments and completion for global dominance (Adebayo, Adekeye, 2008, pp. 227-58). Africa, a continent surrounded by international water, was particularly important to these states from the 15th to early 20th centuries for trade routes, as a source of slaves/ bonded labor for domestic production, for imports of natural resources, for establishment of corporate outposts and

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factories, and for the location of military bases (Martin, G., 1985, pp. 189-208). It was also evident that Wars were also fought between the powers for control of African territory.

The means for achieving this strategic objective, however, hands had to shift as well in recent history for other non-European powers such as the United States, Russia and Japan to engage Africa in trade, development and aid initiatives, and arms sales. Today, it is not only these powers, but also the activities of the new emerging economic powers, such as India, Turkey, Iran, and Brazil are clearly visible in the continent. Access to natural resources, some of which can only be found in Africa, therefore provides a historically consistent ground for Africa's continued strategic significance, as the resources are used to contribute economic growth and consolidate economic power. Moreover, linked to resource extraction and trade, Africa remains geo-strategically important because of the location of one of the major maritime chokepoints, Bab el Mandeb, connecting the Red Sea with the Gulf of Aden opening to the Indian Ocean, where more than 40 percent of the world's oil tankers pass through this narrow canal each year (Davis, Glenn, Foreign Affairs, September- October 2007). The USA, France and U.K for long have militarily made abundantly their presence in Africa in establishing military bases and creating special command forces with the objective of promoting their security interests in the continent. The US African Command (AFRICOM) created in 2008 is the biggest of all in terms of its mission coverage and intensity particularly with the purpose of fighting international terrorism in the continent.

Similarly influential in the strategic calculations of global powers is the diplomatic power able to be leveraged by Africa in multilateral forums. Fifty five African states have the potential to form a formidable force through international forums and policy arenas dominated by states of the global North (See: <http://www.g77.org>).

In the same manner, history proves itself that Africa is strategically significant to China as well. China considers Africa in the framework of promoting its global policy, and use Africa as a springboard for achieving its broader strategic aims. This could be seen from two directions. The first ones are constraining particularly the US dominance in Africa; and getting access to African natural resources and trade. Obtain the support of Africa, which hosts the largest number of developing countries, in promoting its global influence and interests. The second objectives include: stopping criticism of the Chinese political system; building South-South solidarity; proving that security can be ensured only through respect for state autonomy; legitimizing Chinese engagement in Africa as the champion of developing countries through supporting the development of African countries. This is to prove China's role in Africa is not to export dominance, exploitations and poverty, rather to work for common interests and progresses.

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Geo-strategically, the deepening connections between Africa and China is allowing Beijing to expand its sphere of influence beyond the Asian region and in doing so reduce the influence that the United States and Europe has on Africa as all African states are now engaged in multiple cooperation agreements bilaterally and through the FOCAC Forum. The combination of Chinese trade, aid, investment, and diplomatic support are bringing significant changes on African development agenda.

CHARACTERISTICS OF THE AFRICA-CHINA RELATIONS

Africa as explained above has traditionally been characterized by conflict and underdevelopment, and unfortunately when the Cold War scrambling subsided to civil conflict and dictatorship rule, development was only really achieved in a few limited regions. However, Africa's rich potential in resources, natural and human, has been recognized, and subsequent investments have begun to flow. The growing involvement of China in Africa around this time saw day light with optimism for many states in the continent with the hope China's investment would help lift the economies of many. There is no colonial history between Africa and China and no psychological bias against the Chinese engagement with Africa, which has made it favorable for development of partnership.

POLITICAL RELATIONS

One could say that the contemporary political relations between Africa and China began from the mid-1955 with the latter supporting decolonization movements in Africa. The principal basis of the relation is very important in the doctrine of China's foreign policy towards Africa, and in the Sino- African friendship movement, as both China and many of the African states shared a "victim background", the perception that they were both affected by the unequal treatment of the West. From the establishment of the People's Republic of China to its opening (1949-1978), China's Africa policy was heavily influenced by ideology. During this period, China's foreign policy was deeply impacted by the unique international environment of the time (Ross, Robert (ed.), 1993, pp11-61). China placed itself on the frontline of the struggle against colonialism, imperialism and revisionism in the Third World. Therefore, China's diplomacy in Africa during the specified initial period was influenced by Beijing's ideological position. China accused the pro-Soviet communist parties in various African countries of "revisionism," regarding them as ideological rivals. From the 1950s, China's support of the liberation movements in Africa was visible. Official diplomatic and political interactions between the two sides have continued in a friendly manner. China was able to isolate Taiwan from Africa and its admission to the UN Security Council was supported by the majority African states in 1971. The African support in this regard was very critical for China. As of 2012, 50 African countries out of 55 have diplomatic relations with China endorsing a

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“One China” policy. Burkina Faso, the Gambia, Malawi, Sao Tome and Principe, and Swaziland have maintained diplomatic ties with Taiwan (Pehnelt and Abel, 2007, p8).

The fast deepening China`s engagement with Africa since the mid-1990s, has continued to attract international attention particularly in the economic dimensions. Many suggest that the primary motivation for Chinese activities in Africa is due to the confluence of interest between China`s need for raw materials to support its growing economy and Africa`s desire for increased investment to fund development.

In the post-cold war period, China has consistently promoted the idea of a multipolar world that limits the hegemony of the US. In pursuance of this, China seeks alliances with other developing countries, South-South partnerships, and looks for support in international organizations such as the UN Commission on Human Rights, WTO and other forums. China`s efforts to find allies across Africa could be considered as part of this strategy. In this perspective, rejection of Taiwan`s status as a separate and sovereign country is essentially the only political condition imposed on Chinese diplomatic relations with African nations. The evidence shows that this strategy has been successful and has become a factor for growing a strategic relation between the two sides.

Another major pillar for growing Africa-China political relation is due to the soft political approach that China has adopted in its foreign policy orientation. China`s policy of non-interference, non-ideological, mutual respect and mutual interest are fundamental principles for promotion of the relations. In effect, China does not exert any pressure or attach any conditionality for its Africa-China relations. This certainly contrasts strongly with the West`s conditionality approach. Consequently, China has maintained a successful political relation with the African countries, and encouraged the Chinese state-owned companies to invest in Africa. It provides assistance and military equipment to countries regardless of their style of governance and of their human rights records. In contrast, these are the two key conditions that the West and the IFIs incorporate in their recipients of foreign assistance (M. Glosny, 2006). Culturally, Africa and China are also working to promote the cultural peoples to peoples ties between the two sides including the setting up of some Chinese cultural centers in Africa.

In the area of military cooperation, the relation and the first Chinese support to Africa goes back to the Cold War period when China was keen to support the African liberation movements. Military equipment worth of \$142 million was also sold to African countries between 1955 and 1977 (Le Monde Diplomatique, 2005). Since 2004, China has started assisting the African peacekeeping missions in the continent. In 2004, China deployed around 1500 soldiers under the UN umbrella, dispatched between Liberia and Democratic Republic of the Congo. It also currently provides financial support to the AU Peacekeeping missions to the

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Darfur region of the Sudan, and Somalia. China is also present via its military attaches in 14 different countries while there are 18 African countries who maintain their attaches in Beijing (Asia Times, 2009). China also provides military training and equipment to a number of African countries. From international perspectives, China is seen to seek to weaken the influence of Japan, its arch rival, in the developing world, including winning support for its attempt to block a permanent membership of Japan in the UN Security Council. China also tries hard to prove itself as a leader of the developing world, and supports the interests of Africa and other developing countries in the United Nations and other forums, and strongly supports the expansion of the permanent membership of the UN Security Council with the inclusion of African representation.

CHINA AND THE AFRICAN UNION (AU)

Historically, the Organization of African Unity (OAU) attempted since its establishment in early 1960s to deal with the continental security crises through its institutional mechanisms. Despite substantial successes, the OAU had great difficulties in managing the peace and security situation, economic, social and development of the continent. As a result and due to other factors, the OAU was replaced by the AU in 2002 considering to resolve Africa's conflicts as one of its main objectives. China's relation with Africa is fundamentally bilateral with each state. The collective relation through the African Union is not yet clearly defined in a policy framework though the engagement is constructive and friendly. China indeed considers the African Union as an important forum for promotion of the Africa-China multilateral cooperation. The African Union on its part also wants to chart out a clear vision to make itself a fulcrum of the emerging partnership between Africa and China in order to play a role in promoting the African interest through a defined framework of multilateral forum. The first instance of such a strategic relation between the African Union and China found its day light in 2006 at the Beijing FOCAC Summit when the Government of China announced for the construction of a modern conference and office complex of the Headquarters of the African Union as a gift in Addis Ababa, Ethiopia, which is completed and inaugurated in January 2012. The AU since 2009 has also become a full member of FOCAC, and many memorandums of agreements have been signed between the two sides thereafter, and financial supports have been granted. This deals with several aspects of their cooperation. Including but not limited to institutional capacity-building, infrastructure, business negotiations, the financial and material support to the AU'S peacekeeping missions in Africa.

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ECONOMIC RELATIONS

This part of my work is very vital in analyzing the central theme of the partnership in the sphere of the economic relations between Africa and China, and to assess the implications for African economic development. It also provides the reality to understand the nature of China`s policy roles towards Africa.

Generally, major Western governments contemplate to deal with African regimes perceived to be repressive or corrupt, and usually their companies followed the cue. China, however, makes no such discrimination in its partnership with African countries. Instead, it sees an opportunity to fill the gap and to deepen alliances for both economic and political relations, like the cases of Sudan and Zimbabwe, which both have however been listed as bad governments in the views of some Western countries. Many believe that China`s relation with Africa is driven by its need for supplies of oil and strategic minerals. Indeed we need to underscore the fact of a strong linkage between the securing of stable supplies of oil and China`s economic growth as an important factor of national security. In this perspective, China has developed a twin-pronged strategy towards energy investments (Hanson 2006): first, it has pursued exploration and production deals in smaller, low-visibility countries such as Gabon, Equatorial Guinea, and the Republic of Congo; second, it has gone after the largest oil producers such as Angola, Sudan and Nigeria by offering integrated packages of aid. It should also be noted that those oil African countries have also obtained alternative investors in their mining sectors which can bring the badly needed quick investments to their nations. Within the last decade, China has moved to the second largest importer of oil in the world after Japan, importing 46.5 % of the oil consumed domestically (Xinhua News Agency 2008). It should be as well pointed out that the global powers, the USA, Japan and European Union have always been dominant in control of the World`s oil and gas supplies, including in Africa. China and India are the latest to join this scramble to secure access to stable supplies of oil and gas to fuel their economies. Consequently, concern over energy security has, therefore, been central to the Africa policy of both Western and emerging powers (Toman 2002:pp1-3).

In response to the critics against the motive of China`s oil diplomacy, Chinese policy makers are often quick to reject the criticism that China`s engagement with Africa is ‘resource-driven and exploitative’ (Wenping, 2007). Many experts agree that the threat posed by the Chinese to Western oil interests in Africa is often exaggerated as ‘Chinese companies for example in 2008 held under 2 percent of Africa`s known oil reserves (Hanson 2008).

As we will below see China`s rapid economic engagement with Africa and the growth of trade with the continent from an amount of \$20 billion in 2001 to \$160 billion by the end of 2011, has drawn a lot of attraction within Africa and beyond, particularly among the traditional trading partners in the West. Many have also been surprised by the speed of Chinese

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investments, trade and partnership cooperation and its contribution to Africa's economic growth and its implications for Africa's relations with the West and other emerging economies.

The West in particular has been critical of China's rise in Africa, indicating a "Chinese resource grab", support for dictatorial and corrupt regimes under the guise of non-interference, and its use of non-transparent practices to 'corner the African market' at the expense of Western economic interests in the context of a 'new' scramble for Africa's resources and markets (Cheru and Obi, 2010a). Even though China's engagement with Africa is not new, most recent engagement, however, gained special attention in the context of its global strategic approach from 1990s. This implies China's initiative to engage with Africa in many areas of partnership and economic interactions. One cannot deny that the search for resources- raw materials and energy, especially oil, and investments has become the prime objective of China's policy towards Africa in order to feed its an overall rapid economic and industrial growth, markets for its products, and diplomatic support for promotion of its global agenda. As we will see later, China has also offered a mix of trade and investment incentives, aid and technical assistances, low-interest loans, and intense diplomatic engagements with African leaders and other officials. Consequently, it has become evident that China has positioned itself as a potential alternative source of development for many African states and has abled to fill the gap that was left over by the West.

Since the middle of the 1990s, the Chinese government as part of its global strategy has taken the prime initiative and interest to encouraging Chinese enterprises to go global, to invest and do business in Africa. In the context of this strategy, a series of favorable policies such as providing subsidized loans and tax breaks were formulated to encourage Chinese enterprises to start up all forms of businesses. As a starting move, China in late 1990s set up 11 investment and trade centers in African countries in order to provide a ground for African and Chinese enterprises to do businesses with the services of exchange of information, management, favorable policies and financial support, and bank of China opened up a branch in Africa to induce businesses in a continent suffered by economic problems (Hongwu, Liu, 2009, p37).

The initial stage of economic engagement has quickly shown substantive results of progresses. According to Ji Peiding, the two ways trade between Africa and China jumped from \$1.02 bln in 1988 to \$3.92 in 1995 and \$5.67 bln in 1997, with the trade volume reaching \$10 bln in the year 2000. Furthermore, it was indicated that by 1999, more than 800 Chinese enterprises were involved in project contracting, trade and investment activities in more than 40 African countries. These projects were important in the improvement of Africa's infrastructures and transportation of goods and services (Peiding, Ji, 2000, p99). By the end of 1990s, it was also noted that China's direct investment in Africa had reached \$466 mln with

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the opening of new enterprises. A number of African countries during the period signed agreements with China to undertake development projects. For instance in 1997, China signed the first significant agreement in the oil field with the Sudanese government to build the oil pipeline from Khartoum to Port Sudan at a project value of \$215 mln and laid the foundation for Sino-Sudanese oil and energy cooperation (Hongwu, Liu, 2009, p 380).

The end of 1990s, however, had experienced some challenges in the horizon of Africa- China relations as some governments in Africa inclined towards the Western ideas of partnership and development strategy focusing on multi-party democracy for Africa. The Chinese encroachment into Africa was seen with suspicion by some. This brief period had also provided an opportunity for Taiwan to initiate new aid packages to some governments and was able to make diplomatic relations with about 13 African countries. Nonetheless, as the new generation of African leaderships in many countries asserted on self-initiative development strategy, the Africa- China relation resurfaced again. China soon realized that doing more meaningful economic investment in Africa became the only legitimizing factor to buy the friendship of Africa.

In order to create a convenient environment, China`s President Jiang Zemin and Premier Li Peng visited a number of African states, including the Head Quarters of the OAU, Ethiopia. The diplomatic interaction helped to outline the Chinese new policy of African partnership, and put forward a five-point suggestion for the development of the Sino-African relations: Security and Friendship; Equal Treatment; Reciprocity; Strengthening Consultation and Looking to the Future. The characteristic of these relations and the resultant effects could be examined with clear picture below following the establishment of a new policy framework of the Forum on China-Africa Cooperation in 2000 (FOCAC). It set a new direction for meaningful partnership bilaterally and multilaterally between the two sides. In 2008, trade between Africa and China reached \$100 billion and FDI flows from China to Africa amounted to \$5.4 billion. China also is reaping significant benefits from this relation, through access to raw materials, expanded markets for exports of manufactures, the establishment of investment relationships which could generate significant profits over time and political influence.

FORUM ON CHINA-AFRICA COOPERATION

With the initiative of China, the ministers in charge of foreign affairs, foreign trade and international cooperation, economic or social affairs from China and African countries, met in Beijing from 10 to 12, October 2000 for the forum on China-Africa Cooperation Ministerial Conference, the first gathering of its kind in the history of Africa-China relations. The forum brought about eighty ministers from 44 African countries. The forum set a new departure for relations between the two sides. At the end of the conference, the Ministers have agreed in their declaration to enhance the Africa-China relations. The Beijing Declaration detailed the

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agreement of both sides to further consolidate and expand the Africa-China cooperation at all levels and in all fields of relations based on South-South cooperation, equality and mutual benefit (Beijing Declaration of the FOCAC, October 12, 2000). The Forum agreed to meet every three years rotationally in Africa and China in order to assess the progress of the relations. The second FOCAC ministerial conference was held in Addis Ababa, Ethiopia, in 2003. In the light of the fast development of the Africa-China relations, the 3rd FOCAC meeting was held in Beijing in 2006 being elevated to the Summit level and Heads of State and Government from 43 African countries joined the event. In 2009, the 4th Ministerial Conference of FOCAC was held in Sharm El Sheikh, Egypt, and the 5th FOCAC Ministerial conference was held in Beijing in 2012.

FOCAC indeed created a new mechanism and plat form for upgrading the Sino-African relations and its significance have caught the attention of many. It is the platform for the pursuit of China-Africa relations and networking among their political and business elites. FOCAC created the foundation for enhancing the diplomatic and political relations with the increased number of visits to each side and conducting of dialogues. The same opportunity has also been opened in the economic field, particularly trade as a driving force for development. The engagement has been building by identifying Key Africa development challenges where China`s assistance could be highly useful. The discussion of cooperation through FOCAC is structured around key development challenges facing Africa (food security and agricultural production, infrastructure, climate mitigation, African integration, investment and export diversification, and aid effectiveness and coordination of debt relief. China effectively used the forum to stress its determination to support Africa`s development efforts.

From a general perspective, the FOCAC platform reflected Beijing`s overall foreign policy strategy, namely its declared aim of overhauling the global order and opposing perceived hegemony (Blum, S. 2003, pp. 226-231). The FORUM is believed by both sides to help improve the standing of the developing countries in North-South dialogue so as to facilitate the establishment of a fair and rational international political and economic order. The FOCAC Summit in late 2006 made very decisive measures in the advancement of the Africa-China relations. It further reinforced China`s African policy stressing the guiding principles of the relations being centered on ‘win-win equal partnership, mutual respect and benefits.’ In perspective of this policy, China issued an ‘Africa Policy Paper’, in which it forwarded its proposals for cooperation with Africa in various fields of strategic partnership on the basis of five principles, including respect for African countries` independent choice of development path; mutual benefit and reciprocity; interaction based on equality; consultation and cooperation on global affairs (Report of FOCAC 2006, Beijing).

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The Forum approved a three- year action plan to forge a new type of strategic partnership, which included a pledge that China doubles aid to Africa by 2009 to reach about \$1 billion; sets up a US\$5 billion China-Africa development fund to encourage Chinese companies to invest in Africa; provides US\$3 billion in preferential loans and US\$2 billion in preferential buyer`s credits to African countries; cancels all debt stemming from interest-free government loans that includes 31 African least developed countries (LDCs) most indebted to China, an amount of US\$1.4 billion by the end of 2005; furthers open China`s markets to exports from African LDCs by increasing from 190 to 440 the number of products receiving zero-tariff treatment; trains 15,000 African professionals and doubles the number of Chinese government scholarships given annually to Africans to 4000; sends 100 senior agricultural experts and 300 youth volunteers to Africa; and builds thirty hospitals, thirty malaria treatment centers and 100 rural schools (Taylor, Ian, 2009, p18 and Declaration of FOCAC, 2006, Beijing).

Moreover, at the Beijing Summit, the President of China, Mr. HU Jintao, announced to construct a modern office and conference facility as a gift to Africa for the Headquarters of the African Union in Addis Ababa, Ethiopia. Consequently, this modern complex was constructed at a value of about \$200 million and inaugurated in January 2012.

TRADE RELATIONS

Chinese exports to Africa are composed mainly of machinery, transport equipment, textiles, apparel (clothing), footwear, and other manufactured materials while crude oil and raw materials dominate Africa`s exports to China. By 2005, nearly 70% of African import to China was oil, and accompanied by agricultural products. The records of the China-Africa trade reveals that the volume of Africa`s trade with China is mainly dominated by relatively rich countries. However, it should be as well noted that almost in all African countries, including the few states which have diplomatic relations with Taiwan, one can find Chinese goods.

Chinese world trade has grown rapidly particularly over the last two decades globally, and its implication for Africa has been significant and important. Total trade was roughly \$100 billion in 1990, \$500 billion in 2000, \$850 billion in 2004, \$1400 billion in 2005, and \$2200 billion in 2007 (Wikipedia, on Africa-China economic relations).

In this context, the exchange of trade between Africa and China assumes an important stage in the relation between the two sides. During the period 2000-2010, China`s trade with Africa has witnessed a significant growth rate of 35 %. According to sources of the Ministry of Commerce of China, the trade volume between China and Africa started at \$10bln in 2000, and jumped to \$29.46bln in 2005, \$55.5 bln in 2006, \$73.5bln in 2007, \$106bln in 2008, and \$106.8 bln in 2010. By the end of 2011, the figure reached \$160bln (Beijing Declaration of the

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5th Ministerial Conference of FOCAC, July 20, 2012), making it the leading African trading partner. Records show that the Share of African export to European countries started declining since early 2000 as Chinese engagement emerged. Africa's trade with China was reported as relatively balance, with African countries importing around \$50bln of Chinese goods in 2008 (Journal of Modern African Studies, vol. 49, no. 1, March 2011). By 2010, the share of African exports to China was touching 20% of total exports from Africa to the rest of the world. In value terms, again most of those exports are either crude oil (70% of total) or raw materials (15%). Angola and Sudan remain to be the main suppliers of crude oil. In overall value terms, 70 % of Chinese imports from Africa come from just four countries: Angola (34 %); South Africa (20 %); Sudan (11 %), and the Republic of Congo (8 %) (Africa Development Bank, ADB, October 27-29, 2010). Equatorial Guinea and Libya also take considerable portion of the Chinese oil trade.

According to the U.S. Energy Information Authority (EIA), China's industrial sector is the largest energy consumer in Asia outside Japan. China accounted for 9.8 per cent of world energy consumption in 2001 and 14.2 per cent in 2005. In 2006, China produced estimated 3.8m barrels per day while it consumed 7.4 million, representing half a million barrels per day increase from 2005. The huge difference in production and consumption has to be met by imports. In this perspective, Africa supplies nearly 32 per cent of China's oil imports, second only to the Middle East (46 per cent) (see www.africappractice.com). The same source also suggests that while the Western powers have for long succeeded in encircling Latin America, the Middle East, Central Asia and Eastern Europe for oil extractions through a number of regional investments and security arrangements, Africa remains strategically open and China may find it an opportunity to fill the gap and become even more dependent on African oil. The fact remains true today that the large share of China's trade and investments are linked to extractive industries and related infrastructure in Africa. According to the 2010 source, despite a speedy growth, China-Africa trade of US\$127 billion constitutes only about 4 percent of China's trade worldwide. For Africa countries, on the other hand, trade with China is significant and makes up more than 13 percent of Africa's global trade. As the two ways trade has now jumped to US\$160 billion by the end of 2011, the proportion of growth indeed will increase as well. By the same year, China said that 4700 agricultural primary items from Africa's non-oil producing least developed countries could enter China's market duty free.

What does this mean for many African countries which have obtained new markets for their diversified primary products, and benefiting from the high price of natural resources, and to generate finances and investment. Africa is endeavoring to generate income from exports of its products to finance its poverty alleviation efforts, promote domestic consumption, and support industrialization top underpin economic development and increase integration into the global economy.

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As we may have noted by now, the expansion of Chinese commercial activities in Africa has led to a shift in public policy from a narrow focus on trade and investment relations to a broad range of development issues. China has pledged in 2007 to expand its zero tariff treatment to 95 percent of the products of African least developed countries, and to provide \$1 billion in loans to small and medium size enterprises. At the 2009 Forum on China-Africa Cooperation (FOCAC), China pledged \$10 billion in concessional loans to Africa and emphasized the need to support Africa's efforts to attain the Millennium Development Goals, overcome challenges in development. The amount of concessional loans has increased to \$20 billion in 2012 as it was announced at the end of the FOCAC Conference in Beijing. China also provides Africa about \$1.5-2 billion a year in aid.

China's obvious role in African development has continued to grow significantly. However, it is as well important to note that the United States and the European Union are still one of the largest trade and investment partners for many African economies. For example, according to the sources in 2007, the EU accounted for over 30 percent of Africa's exports, and donors in the Organization for Economic Co-operation and Development Assistance Committee (DAC) provided \$36 billion in Official Development Assistance (ODA) to Africa and financed the bulk of the additional \$18 billion from multilateral donors. By comparison, China accounted for about 10 percent of Africa's exports in 2007, and 13 percent in 2010, while China's aid to Africa was about \$1.5-2 billion in same year. It is, however, equally important to further take note of the fact that the comparison between the over 30 Western countries and a single China over the share of the African economies may not sound rational. What is important is not the volume of trade or investment here, but the alarming rate of growth of Chinese engagement in diversified sectors of the African economies.

DEVELOPMENT ASSISTANCE

Development assistance assumes another core area of focus in the Africa – China relations (Brautigam, D., 1998). Tremendous debt and low levels of FDI across Africa mean that Chinese investment and aid are both welcomed and needed in many countries. One of the biggest of such aid was given to Angola in 2005 with an amount of US\$2 billion (Taylor, Ian, 2009, p20).

China has made development aid and debt relief as important aspects of its partnership with Africa. The Government provided over US\$5.5 bln in aid to African countries in 2006, following the holding of the Forum on China- Africa Cooperation in Beijing. It also at the Summit pledged to double aid by 2009 and to give Africa \$2 bln in preferential buyers' credits till 2012 (Hu Jintao, Presidential Address at FOCAC, November 2006). China's Export and Import Bank (Eximbank), extended its export buyers credit market to Africa in 2005 and by the end of that year had committed \$800 million concessional loans to cover 55 projects in 22

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African countries, according to the World Bank study (Broadman, Harry, WB, 2007). In fact, Chinese aid to Africa has for long focused on two areas: infrastructure and human development. Accordingly, Chinese development aid provides funding for highly visible infrastructure projects, which are more social and development focused. Unlike the Chinese approach, the Western donors mostly ignored financing such investment. On the other hand, Chinese human development assistance has focused on training and the provision of health personnel. From 2006, every year 4000 African students have been given scholarships to study at universities in China. Moreover, 15000 African professionals were trained in China in same year, and 15000 Chinese medical workers were sent to Africa and treated 170 million patients on the continent (Chinese State-run Xinhua News Agency, 2006). At FOCAC in 2006, the Chinese President, Mr. Hu Jintao, also pledged to build 30 hospitals in Africa and provide a 300 million Yuan grant to fight malaria. Unlike other donors, China usually does not give financial aid as budgetary support. Instead it provides project - related grants and loans so as to ensure the money directly goes to projects that can impact on the development of a country.

Generally speaking, Chinese official development assistance (ODA) is especially welcomed as it is free from familiar Western donor conditionalities. It thus provides African countries alternative to OECD terms advanced in the so-called Washington Consensus. Such choice has led to the view in a post-Washington Consensus era of a Beijing Consensus, characterized by more South-South content and empathy (Campbell, 2008). The Africa- China relation is mainly inter-state and formal in character, particularly from the Chinese side.

INVESTMENTS

Since the 1980s, China has adopted a “going global” strategy that encourages Chinese companies to invest abroad to guarantee access to advanced technology, foreign exchange, energy and raw materials, and export materials. The strategy also seeks to encourage Chinese firms to “cut their teeth” in international markets and enhance China’s global power status. Africa’s need for new and better roads, school buildings, computer networks, telecoms systems and power generation has opened a lucrative window of opportunity for Chinese firms. Chinese investments in foreign countries are often driven by enterprises with majority ownership by central, provincial or municipal governments.

Chinese state-owned and private companies have been well received in the continent, and soon entered into a number of joint ventures with African national governments, state-owned corporations and private firms. Over 700 registered Chinese companies have been encouraged to acquire and develop oil and gas fields in Africa to mitigate anxiety about securing supplies of energy. Chinese State-owned companies have also been encouraged to source their own raw materials creating a strategic motivation to invest in Africa’s resources.

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Flagship enterprises in energy, construction, engineering and manufacturing sectors usually receive generous government support in preferential loans and credits through the Chinese Development Bank, the China Construction Bank and the China Export and Import Bank, Eximbank. African governments have found Chinese bids are affordable and reasonable compared to the Western companies.

The China Eximbank, founded up only in 1994, to support the operation of Chinese business abroad with export- credit finance and international loans for overseas construction and investment as well as official lines of credit, offered in 2005, over \$15 billion to a host of African projects-more than 30 times than its nearest rivals from the US, France, Japan or the United Kingdom (Gaye, Adama, Jan 2008, p8). It extensively supports Chinese companies to expand their investments in crucial needs of the economy in the continent. By 2005, the Bank`s portfolio had tripled and its commercial operations outstripped those of its counterparts in the US, the UK and Japan (Moss, Todd and Rose, Sarah, March 29, 2007). As highlighted elsewhere, the largest Chinese operations in Africa are in oil and gas exploration, development and production, and growing investments in construction and engineering works, telecommunications, textile manufacturing and trading enterprises. Three well known Chinese companies are operating in oil and gas exploration and development in Africa: the China National Petroleum Corporation (CNPC), the China National Offshore Oil Corporation (CNOOC), and the Chinese Petroleum and Chemical Corporation (Sinopec). For example, by 2006, Angola had overtaken Saudi Arabia as the largest exporter of crude oil to China. Sudan and Equatorial Guinea and now Nigeria are the major suppliers of oil to China. Other Chinese companies are also actively operating in non-oil resource areas. Some critics particularly from the West may think that China`s motive in Africa is only resource-driven by the desire to plunder African natural wealth. The statistics in 2007 show that 36 percent of Africa`s oil exports in 2006 went to Europe, 33 percent to the United States, and only China took 8.7 percent. In this context, the Western claim about Chinese motive of resource plundering in Africa could not be valid as China`s share of African oil trade is very minimal compared to the West. However, it is true that as the volume of the Africa- China trade relations has significantly increased today at an alarming stage, crude oil takes 70%, raw materials 15 % while the larger share of China`s trade and investments are linked to extractive industries and related infrastructure.

China also concluded bilateral investment treaties (BITs) with 33 African states in 2007, and double taxation treaties with 4 African states to protect and promote FDI to Africa. The investment strategy is based on the principle of ‘twinning’ the Chinese manufacturers with the “leaders” in joint projects to be implemented in Africa. Moreover, China grants large scale interest free loans with little or no political conditions attached. This is in sharp contrast to western governments who attach political and economic conditionalities. The main

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recipient of Chinese investment, for example, for the period 2003-2008 were oil and other mineral rich countries, such as South Africa (64%), Nigeria (9%), Zambia (5%), Algeria (5%), and Sudan (4%). However, since then, Chinese investment has expanded to most African states. Looking at the distribution of Chinese investment in 2006 shows that the main FDI flows involved the mining sector (40.74%), business services (21.58%), finance (16.4%), transport and telecommunications (6.57%), and manufactured goods (4.33%). Agriculture, forestry and fisheries attracted less (Kiggundu, 2008). China has, however, taken increasing interest to invest in rural development as a measure to help African states in their efforts to modernize their agricultural productivity.

For instance, China's FDI in Africa increased over the past decade in tandem with increased Africa-China trade, although China's FDI to Africa in 2007 remained marginal in terms of China's total outward flows (0.2 % in 1991 and 5.9 % in 2007). However, according to the Chinese Ministry of Commerce, China's FDI in Africa has increased by 46 % per year since 2007 by 46 %, and clearly noted that most part of the FDI flows was absorbed by resource-rich African countries such as Angola, Sudan, Nigeria, Zambia, and South Africa (Ministry of Commerce, China, 2008).

China continuously affirms in its policy that it will not export poverty or domination or any model of development to Africa. According to Xinhua, Chinese News Agency, Chinese FDI in Africa by the end of 2011 has reached US\$40 billion (International Policy Digest, December 6, 2011). The number of Chinese people in Africa is now believed to be nearly one million, and more than 2000 Chinese companies are engaged in economic and trade activities in Africa.

INFRASTRUCTURE DEVELOPMENT

Infrastructure is a key factor for an overall development of a nation. It has, however, been suffered in the continent of Africa due to a lack of investment. Chinese development aid in this respect thus has been a welcoming opportunity. China has designed a policy to finance infrastructure projects in Africa as one of its primary objectives, including road and railway rehabilitation, hydropower stations, stadia, hospitals and schools. According to the World Bank report, by 2005, Chinese companies had been contracted to 722 turn-key projects across Africa, and a year later, total Chinese concessional and non-concessional loans for infrastructural development, excluding projects in the petroleum and mining sectors, were US\$12.5bn (WB report on Chinese infrastructural investment in Africa, 2005). According to the same report, Angola, Nigeria, Mozambique, Zimbabwe and Sudan account for over 80 per cent of these loans, and the power sector makes up about 40 per cent of total commitments. Except Mozambique, which is rich in fishery along the coast of Indian Ocean, the rest are known for their oil and other minerals. For instance, the source compares that the concessional loans from the OECD for infrastructural development in Africa amounted to only

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US\$4bn in 2004, suggesting China was providing greater support for development of Africa's infrastructure than are the OECD. By 2008, over 35 African states were engaged with China in infrastructure financing arrangements and the largest recipients were Nigeria (34%), Angola (20%), Ethiopia (10%) and Sudan (8%) and others (28%)(World Bank, 2009). Chinese also played a very constructive role in rehabilitating the war-torn infrastructural development of Angola in 2002 and in linking regional networks by road and rail between Angola, Zambia and the DR Congo spending over US\$500 million.

According to the Ghana News Agency report, Sino-Hydro, one of the largest Chinese hydropower engineering firms, was contracted to build a US\$600m hydropower project financed by a Chinese government loan to solve the country's power crisis. In the same manner, following the visit of Chinese President, Hu Jintao, to Nigeria in 2006, an agreement was signed by their governments for a \$2.5bn loan to part-finance the construction of a railway line. China has continued to be an important investor in the African infrastructural development. For example, China in 2008 invested \$11 billion, compared to \$13.7 billion by the G-8 countries. Chinese investments so far are generally determined by bilateral engagements with individual countries. But, the potential to leverage China's investments for regional infrastructure projects is huge in the future (see Africa Development Bank research paper on China-Africa relation, 2011).

Chinese investment in African infrastructure is partly financed by Africa's exports of commodities and raw materials. The relationship in this regard is indeed very helpful for Africa, and China's contribution to global demand for raw materials has increased African export revenues from all markets. It is absolutely necessary that African countries need to diversify their exports in order to reduce reliance on highly-volatile primary commodities, with adverse implications for macroeconomic stability. In this regard, China is helping African states in the process of expanding the zero-tariff treatment to 95% of the products for African LDCs, and investing in the Special Economic Processing Zones. According to the World Bank report, Africa could be considered a destination for further Chinese investments in manufacturing, which would benefit both parties (WB Business Report, 2010).

TELECOMMUNICATIONS DEVELOPMENT

Africa for long had suffered from lack of telecommunication development due to low level of investment in the sector. The limited existing ones are dominated by Western and South African companies like British Vodafone, France Telecom and South Africa's Vodacom and MTN. In recent times, Chinese transnational companies like the Zhong Xing Telecommunication Equipment Company Ltd. (ZTE), China Mobile and the private multinational Huawei have made significant advances with affordable prices. Africa

particularly for the last decade has shown immense progress in telecommunication development as one of the fastest growing networks in the world.

CHINA`S SPECIAL ECONOMIC ZONES

In the view to help African countries diversify their economies, China has taken strategic initiatives with some African states to establish Special Economic Zones, those include Mauritius, Zambia, Egypt, Ethiopia, Algeria, Nigeria, and more are expected to join in the near future. There is also a strong interest by African governments to replicate the successful experience of China in planning, developing and implementing Special Economic Zones (SEZs) to attract foreign investments and enhance the competitiveness of the manufacturing sector. Consequently, Chinese investments in SEZs have been welcomed by many countries as a means of benefiting from Chinese capital as well as proven experience and expertise in SEZ development and management. Moreover, governments are hoping that the SEZs will generate spillovers in terms of skills and technology that will benefit domestic enterprises and enhance their competitiveness in regional and global markets.

Under the “going out policy”, China generally supports the establishment of SEZs abroad with the objective to improve domestic and regional markets for Chinese products and services, leverage trade and preferential market access arrangements, assist domestic industrial restructuring in China by relocating mature labor-intensive manufacturing to other countries, create economies of scale for foreign investments by supporting clusters of Chinese companies and create supply chains, and respond positively to the interest from foreign countries to learn from the Chinese experience with mutual benefits for China and the host countries. In this perspective, however, a study often shows that the China`s SEZs face some challenges at the implementation levels locally due to bureaucratic processes, inadequacy of infrastructures, addressing of financial gaps, shortage of skilled man- powers, etc.

The Special Economic Zones are designed to attract considerable investments in infrastructure, especially transport and power, and export oriented production, which could provide some impetus to local manufacturing industries (African Development Bank, External Relations and Communication Unit, 2011, www.afdb.org). This has been taken as a new policy by China to shift from direct financial assistance to the output of development experience. The Economic Zones are also designed to be centers for export processing and import substitution as a strategy to diversify and transfer the African economy from agricultural based to an industrial one, and assist countries in their policies for sustainable development and poverty reduction programs.

SOFT POWER TIES

Culturally, educational and media links to Africa date back to the 1950s and continue to be an important part of the relationship. The recent form of China's cultural diplomacy has begun since late 1990s with the objective to cultivate supportive international public opinion of China in building its image on global stage. The other reason of cultural diplomacy is to firmly hold China's 'peaceful rise' and the ideal of a 'harmonious world' in the minds of the external world (Beijing Review 2005). Particularly since 2005, China's diplomatic offensive towards Africa has been very visible while being substantiated in promotion of more trade, cheaper loans and no political interference (Chan 2007). For instance, by the end of 2009, almost 30,000 African students had received scholarships to study in China, which reaches by the end of 2011 offering 4000 new scholarships annually. China has also provided technical training for more than 30,000 Africans in different fields, and sent 18, 000 medical personnel to forty – six African countries and treated as many as 200 million patients (www.internationalpolicydigest.com). China has found Africa the most important testing ground for the promotion of Chinese values around the world in attraction of its language, culture, political values and diplomacy. This has been done in mainly two forms: bringing Africans to China and sending Chinese to Africa in order to share China's experience in national development. Africans of different categories, government and nongovernmental, are usually invited to visit China to have first- hand observation of China's development experience. By the end of 2007, 11 Confucius Institutes in Africa were set up and running in Egypt, Zimbabwe, Kenya, Nigeria, South Africa, Rwanda and Madagascar (People's Daily, Chinese overseas edition, April 7, 2007). However, I should leave a remark here that although China is indeed becoming more attractive to many Africans as a destination to study or train abroad, the West remains to be the top priority due to distance and language barriers between Africa and China. The historical ties with the West, the fancy life and the Western influence indeed have also led most African elites to travel to those countries.

The growth of China's soft power in Africa goes beyond culture and language. There is a very practical yet profound reason for the appeal of China's model to Africa: its historical achievements in economic reform and national construction and its historic achievements in economic reform and national construction and its successful leap from a backward to one of the leading economies of the world today. Couple these realities with the fact that all of this has been accomplished at an unprecedented pace, and Africa's attraction to China's development model as a potential road-map for itself is evident (Ndubisi, Obiorah, Dec., 2006).

The Chinese development model values the political and international relations concepts of multilateralism, consensus decision-making, peaceful co-existence and respect for diverse cultures (Shan, Liu and Jundu, Xue, ed., 1998). Chinese policy always emphasizes strategic

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partnership, mutual benefit and respect for sovereignty of African states. As development is still China's top priority in its relations with Africa, the most essential themes emphasized by the Chinese authorities are cooperation and co-development rather than the paternalistic language of development aid (King 2006). The Chinese traditional cultural diplomacy has helped to open different channels of cooperation in order to strengthen China's political and economic ties with the continent of Africa. All of these comprise an identity, molded from China's national characteristics that it presents to the international order. Indeed this emerging Chinese identity is a cause for concern for many states in the West. Many both in the continent and outside Africa are doubting whether China's approach towards Africa is different from that of the West, which I would like to reflect on.

ASSESSMENT OF THE RELATIONSHIPS

The past exploitation of Africa's natural and human resources by the West has been always conceived as one of the main reasons for the many developmental challenges that Africa finds itself today. Many wonder consciously whether China will behave same and acquire the continent's resources and markets to sustain its own economic growth taking a neocolonial path in Africa. But this does not seem the case. The fact is that the Chinese have endured their own grievous history of national humiliation at the hands of foreign powers and understand the pain of colonialism. China has always supported Africa's struggle against colonialism. Africa observes many experiences in its relations with the West that major Western governments refuse to deal with African regimes perceived to be repressive or corrupt, and usually Western companies have followed the same line. While the Chinese due to the principles of its foreign policy, makes no preconditions in its partnership with African countries pursuing the policy of a win-win relation. The suspicion of China's behavior over energy relations with Africa is just an exaggeration as due to the fact that the energy trade between the two sides is not even more than 13 percent compared to Europe and the United States (36 and 33 percent respectively) (Wenping, He 2007, p7). Furthermore, most Chinese companies are developing oil fields in areas that European and American companies have little interest in or no presence, such as Sudan, Angola, Equatorial Guinea and Chad, and in some parts of Gabon and Nigeria. Beijing has also been balancing energy trade with aid, investing in the most fundamental but highly ignored areas of development sectors such as infrastructure, sanitation, food security, electricity power and health.

It should be recalled at the same time that the Western rich countries have increased their strategic engagement with Africa very significantly since the terrorist attacks of 2001. The USA and European Union countries expressed a strong interest to revitalize their traditional relationships with Africa with particular focuses on security, oil, investment and trade. The time coincided with the emerging engagement of China with Africa introducing a stiff competition between the West and the East over Africa. As a consequence of this, the

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continent has moved center stage in global politics, in which oil and security have become the driving geopolitical factors in the axis of geo-economic competition.

In the aftermath of the end of the cold war, Africa was also ignored by the traditional European powers with which it had a long time relations. Series of efforts, however, have been exerted by both sides to renew the relations beginning the early period of this century. This new development has been motivated by two main factors: consequence of the EU's ambitions to become an influential global actor and the consequent search for a more pragmatic policy towards Africa, and due to the assertiveness of China's involvement in Africa, a continent considered to be the backyard of Europe. Thus, since the early 2000s, Africa has become a priority for both the traditional donors and the emerging actors, most notably China.

The process of a renewed relation timidly started with the first EU-Africa summit in Cairo in April 2000 and culminated in the 2007 Joint Africa-EU Strategy (JAES), approved at the second summit held in Lisbon in December 2007 with the view to renew the long-standing partnership between the two continents, based on ownership and the integration of foreign aid, trade and political affairs. While the EU and China apparently share the same objectives- development, peace and security, their strategies were substantially different towards Africa. On the one hand, the EU, seen as propagating North- South dynamics, supported a comprehensive model for economic, social and political development, with particular emphasis on human rights and democratic governance. On the other hand, China, perceived as promoting South-South cooperation, put forward a framework based on mutual benefits, principles of equality and non-interference in political affairs. Due to the challenges presented by the growing influence of China in Africa, EU opted for a pragmatic and constructive engagement towards Africa.

However, China's growing influence could not be challenged by the re-orientation of the EU policy towards Africa as a result of the dynamics that China brought to Africa through FOCAC since 2000. The increase of China's investment and trade with Africa, provision of more loans, debt relief and technical assistance offered the positive response of African leaders. The expression of President Museveni of Uganda, explains the situation well saying that " The Western ruling groups are conceited, full of themselves, ignorant of our conditions, and they make other people's business their business. Whereas the Chinese just deal with you, you represent your country, they represent their own interests, and you do business" (African Executive, 8 October 2008). In the same manner, President Mogae of Botswana also stated that " I find that Chinese treat us as equals. The West treat as former subjects (read as slaves). This is a reality. I prefer the attitude of the Chinese to that of the West" (ibid.) The European vulnerability was more compounded as China increased its areas of development cooperation with Africa with the announcement of concrete measures including major debt

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relief program, preferential treatment for Africa`s least developed countries, environmental protection and climate change, science and technology, and health. Unlike the West, all these happened without any preconditions.

China has also taken an advantage over the West due to concrete factors which deserve to clarify further. China`s interest in Africa is certainly driven primarily by its own foreign policy orientation that is promoting its national interest. This is a common phenomenon for all countries. Along this general guiding principle and given to the Chinese scenario, it should be very clear that China`s interest in Africa has been predominantly driven by economic interests, with the aim of securing raw materials, gaining access to energy sources and finding a market for its manufactured goods. By presenting itself as ‘the largest developing country in the world’, not only has China been able to project an identity of being a post - colonial actor, closer to the needs of developing countries, but it has also actively sought to gain African support for an alternative development model. Second, in line with the logics of its foreign policy, China has pursued a policy of non-interference in human rights and democratic governance. This has meant a rejection of any type of conditionality though it has attracted a wide range of criticism claiming that China is supporting undemocratic regimes in Africa. Those critics of China, however, should as well be cognizant of the fact that it is not true that democratic regimes in the West are having always relations only with democratic states. Africa has never been treated as democratic in the foreign policy agenda of the West, yet they had a long time of relations with many regimes in the continent, which were known for dictatorial rules. Thus, reasons may equally apply to all as the governing principle for all countries is national interest. China is therefore, not an exception in this regard. The Chinese soft power policy of non-interference has, therefore, been well received by the continent, which has been the victim of conditionality for many years.

When it comes to China and Africa, the European Union and the US want to have their cake and eat it. In an echo of its past colonial rivalries, European leaders and donor organizations have expressed concerns that African nations are throwing their doors open too wide to Chinese investors and to exploitation by their Asian partners. But, if Africa`s centuries of relations with the West have brought only suffering and backwardness, why some people fail to believe that Africa also has the right to determine what is good for itself?

Yet, the all -round rapid development of Africa-China relations in political, economic and trade in the past two decades, has continued to invite the attention of the Western think tanks and governments, academic community and the international media calling China`s role as “neo-colonial”. Particularly, China`s rapid economic engagement has attracted a lot of attention within Africa and among its traditional trading partners in the West. Expanded Chinese investments in crucial sectors of the economies of many states has stirred growth,

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created job opportunities, generated foreign exchanges, and helped to improve the livelihoods of many.

On the other hand, unlike Africa's past history of relationships of domination and subjugation with the West, the past two decades have witnessed a true friendship of strategic partnership between Africa and China. According to the report of the African Development Bank in 2011, China has been Africa's most prominent emerging strategic partner in recent years. For example, the same source shows that Chinese Foreign investment (FDI) in Africa has increased by an average of 46 % yearly in the past decade (ADB, Media Brief 27 January 2011). It is true that from global share of FDI, the amount of Chinese foreign direct investment in Africa is still on early stage of growing. For instance, in 2004, Latin America, Asia and Europe accounted for 94 percent of Chinese FDI flows, and in 2003, 77 percent of all Chinese foreign investment outside Asia went to Latin America (Ellis, 2005). However, it is also necessary to understand that because of the relatively small amount that Africa receives of global FDI, Chinese investment has a much bigger importance than the expressed proportion. The crux of the matter even goes beyond the mere comparison of Africa's share of foreign investment. For Africa, China is an alternative source of investment, market and political ally, and an inspiration for development.

Regarding the concerns over new African debt, China has made substantial commitments to reduce and/or remit the debt of numerous African countries. Furthermore, Beijing has freed up trade with the region, relieved the burden of custom duties on many products exported to China. For example, consequent to that measures, Africa's total export volume to China doubled in 2005 and Africa's trade surplus with China reached \$2.4 billion in the same year.

Generally speaking, the charge of neocolonialism by China in Africa is in large part of the West's anxiety over China's rising presence and influence in Africa. China has offered ample opportunities for African development being an important provider of the much needed finance and know-how which distinctly justifies that China is a strategic partner of Africa, not a neocolonial power as claimed by some. From the African past experiences, the international community including Western partners have focused more on relief and emergency activities and other short term programs aimed at reducing the visible symptoms of low levels of economic productivity than on major development programs which can have impacts on the long term development of a country. In comparison, Chinese commitment has been visible in financing African infrastructural projects such as roads, rail, hydropower stations, stadia, hospitals, schools, improvement of port facilities, and telecommunication services as fundamental factors to spur development. For example, more than 35 African countries have benefitted from China's infrastructural financing. This rose from USD1 billion per annum in 2001 to USD\$7.5 in 2006 (ADB Media Brief, 27 January 2011). Due to such an improved infrastructural investment, African products have found access to international and regional

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markets. This has set an opportunity for African economy to show growth. On the other hand, Africa's imports from China such as machinery, transport equipment, manufactured goods have been found technically appropriate and affordable for African limited financial capacity. Moreover, the establishments of Chinese- Operated Special Economic Zones in some African countries have also provided a basis to boost the manufacturing capacity of many countries. As the economies of most African states had suffered for long being monolithic and fragile, the establishment of the economic zones has become instrumental in diversifying the local economy, creating jobs and transferring new technology and skills.

The Chinese heavy involvement in energy resource rich African countries has also opened up ample opportunity to tap the badly needed capital to undertake extensive development programs in an effort to improve the livelihood of their societies. Chinese companies operating in Africa are subsidized by the Chinese government and said to have been instructed to keep profit margins low, sometimes as low as 3 per cent while most Western companies operating in Africa set their margins at 15 per cent and above (Leggett, Karby, 2005). The Chinese also show serious commitments and generosity in undertaking investment in high risk areas of conflict-affected countries like Sudan, Democratic Congo, Sierra Leone and Burundi, which the West usually hesitates to involve and show little interest. To obtain foreign Investments in highly risk countries is a rare chance particularly to see new schools, roads, railways and stadiums in the debris of war. The determination of the Chinese in this regard is seen by many Africans as an expression of a gesture of true friendship.

It is as well necessary to note clearly that China has leverage over Western competitors because it makes no value demands with its aid and investments and provides generous support for the expansion of Chinese companies into overseas markets, an expansion critical to China's security interests and self-perception as an emerging global power. Unlike the approach of the West, the Chinese have a long-term view of their relations with Africa and readily accept small margins to advance national interests and nurture a potentially large consumer market for the future. As a matter of fact, African governments are gratified that their ailing economies are being bolstered by high Chinese demand for their resource exports and large investments in infrastructure and other critical sectors, which have usually been neglected by Western donors.

In terms of investment, we have discussed that China has made investments in Africa's various sectors of the economy, which has not only met the consumption needs of the local people, but also increased local job opportunities and tax revenues, building mutual advantages. In terms of assistance to Africa, China has fully shown commitment to support African countries in developing their economies, with enormous effective work done in critical sectors such as agricultural production, infrastructure, personnel training as well as

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debt reduction and exemption. In this context, Chinese continued new policy measures in helping African economies have been evidence of true partnership with Africa, which truly inspired to advance the course of African countries` economic development and poverty reduction. It is also important to note how the economies of Africa and China are increasingly becoming complementary. For example, according to the data in 2011, China`s oil imports from Africa constitute about 13 percent of total African oil exports, while the United States and European Union each account for about one-third of total African oil exports. On the other hand, China imports about 90 percent of its cobalt, 35 percent of its manganese, 30 percent of its tantalum, and 5 percent of its hardwood timber from Africa (Ambassador Shinn, David H. December 6, 2011). The same source shows that China`s trade with Africa constitutes about 4 percent of its trade worldwide, while Africa`s trade with China makes up more than 13 percent of its global trade. It is as well recorded that about fifteen oil and mineral exporting African countries have large trade surpluses while more than thirty countries have significant trade deficits with China.

China has also become an attractive destination for African agricultural products, which often suffered with trade barriers and conditionality in its traditional Western markets. China has shown its commitment in support of Africa`s least developed countries permitting from these countries 4700 items to enter China duty free. According to the article in Xinhua, China`s official news service, China`s investment in Africa by the end of 2011 reached \$40 billion, and growing at a more rapid rate than any single Western country. This amount may represent only 4 percent of China`s global FDI, but is very significant in stimulating African economic growth, creating jobs and finance.

The Africa-China relations in the sphere of peace and security and military cannot be underestimated as China expanded its presence in peacekeeping missions in Africa, sale of military hardware and providing trainings to a number of African countries. Though there is a rising concern among some countries in the West that China`s deepening relations in Africa undermine international strategies to reduce poverty, foster stable economies and promote good governance, most African countries reject the view claiming that such expression of concern is highly politically motivated.

From the geo-economic strategic perspective of China for Africa, Chinese state as a coherent developmental state practices and unified actor appears to look at Africa as a strategic economic space and partner while the Western states with different branches of government involvement in policies view Africa largely as a site of humanitarian intervention, resource extraction, and security threat, not in a sense of a development partner. China therefore has presented itself as a better alternative choice in the right time for many African countries in the current global political balance. Africa is seen as profitable place for investments to recycle China`s forex reserves. Weak demand by Western companies for investments in Africa

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can be countered by China as it is ready to take risks and involve in the most difficult situations believing that high risk brings high return. Chinese support of the African independence including the ant-apartheid struggle and the construction of the Tan-Zam (Tanzania-Zambia) railroad are good justification of Chinese good will in Africa (Clapham, 1996).

In concluding of this Chapter, I am of the view that I have made some attempts to assess the overall nature and objectives of the Chinese policy towards Africa. Sufficient evidences and arguments of facts have justified the realities to the extent how China has provided opportunities for African economic development. The economic growth that Africa has registered since the turn of the century with an average of over 5.5 percent is partly due to the Chinese contribution in the economic activity. As many development experts and international financial institutions have asserted, Africa is rising as the fastest economic growth after Asia. The Chinese contribution to the African economic development has been viewed from general perspective as a positive factor, and vividly explained its role within the frame work of the theoretical ground justifying China`s motive in Africa as a partnership of relation. As a follow up to this, the Africa-China relations will further be assessed taking Ethiopia as a case study in the ensuing chapter.

CHAPTER V: ETHIOPIA-CHINA RELATIONS: A CASE ANALYSIS

As discussed above, many analysts believe that China`s policy towards Africa is predominantly driven by the quest for energy resources for its growing economy and a market for its manufactured goods, and its relations are more with the resource rich African countries. Though China`s desire of energy resources cannot be denied, but it should be well clear that China`s relations with non- energy rich African countries is very sound and extensive in diversified areas of interests. Countries such as Ethiopia, Tanzania, Kenya, Mozambique, Egypt, Ghana, Liberia, just to mention some, are not known for their rich energy resources such as oil, gas or any other strategic minerals, but they are enjoying a long time closer partnership of cooperation with China. It is true that any state`s foreign policy is dictated by its own national interests, nothing else. From geo-economic perspectives, different African states offer different strategic importance.

China views Ethiopia as one of its most important strategic partners in Africa. Ethiopia is not known for its oil or any other strategic minerals. But, there are a number of factors that make it strategically very important for any country. Ethiopia is one of the oldest civilizations and the only non-colonized country in Africa. With its population of over 82 million, the second largest in Africa, and being located at the Horn of Africa, close to the Middle East and Europe

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boasts as one of the most influential countries in the continent. Economically, Ethiopia is potentially rich in natural resources including oil, gas and a number of other minerals. The country's over 65 percent of the land is arable with good climate condition. It is also commonly known as the water tower of Africa because of its rich water and hydropower resources with a capacity of 45,000mw, and this could readily be used for power sources and irrigation. Ethiopia is the source of the River Nile which connects the downstream countries, Sudan and Egypt. Ethiopia also possesses a diplomatic and political strategic position as it is the seat of two major continental organizations: the African Union and the United Nations Economic Commission for Africa. Furthermore, the country is one of the hosts of the largest diplomatic missions and international organizations in the continent, with over 100 missions and fifty international and regional organizations. The country being the diplomatic capital of Africa and close to the resources rich Middle East and Europe provides ample opportunities for foreign investments and markets. The economy of the country is predominantly agricultural with a projection of industrialized led economy by the end of 2015. Ethiopia has registered a continuous economic growth of two digits for the last nine years making it one of the fastest growing economies in Africa. It is from this background that I would like to analyze the Ethiopia-China relations as a case study of the thesis to assess the contributions of China's engagement to the Ethiopian development.

AN OVERVIEW OF THE ETHIOPIAN ECONOMY

By African standard, Ethiopia is a potentially wealth country, with over 65 percent of the land is arable, fertile and good rainfall over large parts of the country. Coffee is the main stay of the Ethiopia economy though farmers grow variety of other products as well and raise cattle, sheep and goats. The country is also potentially believed to be endowed with varieties of minerals. From historical records, Ethiopia's resources have enabled the country to maintain contacts with the outside world for centuries. Since ancient times, Ethiopian traders exchanged gold, ivory, and wild animal skins for salt and luxury goods, such as silk and velvet. By late nineteenth century, coffee had become one of Ethiopia's more important cash crops.

Despite its many rich resources, longtime civilizations and interactions with the outside world, Ethiopia never became a great trading nation. A number of factors could be reasoned out, such as prevalence of protracted internal conflicts among regional leaders, continuous shifting of the seats of the central government, political instability, bad governance and external aggressions. The political history of Ethiopia passed three distinct periods of time: predominantly long history of feudal economy till 1974; the socialist economy under the military dictatorship from 1974 to 1991; and a new Ethiopia with a market economy set on transformation from 1991 till today. Under the pretext of bringing civilization, Italy tried to colonize Ethiopia, but was forced out after a brief period of occupation, from 1936 to 1941. Though the Italian administration had attempted to introduce a few small industries,

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commercial farming and in the area of road building and communications, these changes were limited in distributions and sizes. With only a small proportion of the population participating in the money economy, the exchanges of internal and foreign trades were very negligible, and the market for manufactured goods was extremely small.

By late 1940s, much of the Ethiopian economy was unchanged and cultivation was characterized by small land holding system with primitive and traditional farming methods of subsistence standard of economy. In the periods 1950s to 1960s, attempts were made by the Imperial administration of Ethiopia to build agro-industrial economy, improve living conditions, expand infrastructure programs and introduce better health services, education, communication and other services. However, due to the government's lack of technical and administrative capabilities, the efforts for transformation of the country was not successful.

With the advent of the socialist revolution in 1974, which brought the military dictatorship, the Ethiopian economy rather reversed back to a disaster in many respects. The economy suffered from various structural bottlenecks being manifested by low economic growth, macroeconomic imbalances and negligible private (domestic and foreign) participation in the economy. Drought, famine and conflicts were the expression of Ethiopian image during the period. Adding to its domestic problems, Ethiopia like its fellow African countries was also exposed to various types of conditionality by the West and International Financial Institutions in its effort to attract FDI, development assistances, debt relief or cancellation, etc.

Following the down fall of the military regime through protracted social movements supported by armed struggle in 1991, the country has adopted a market economic system under the leadership of the Ethiopian People's Revolutionary Democratic Front (a coalition of four political parties). For decades, the Ethiopian economy has remained to be agricultural; hence the state of its performance determines the characteristics of the economy of the country. It becomes clear that any other economic activities, including transportation, manufacturing or service industries, rely on the agricultural sector. According to the 2006 sources, agriculture contributes about 45 percent of the overall GDP of the country; generates more than 80 percent of export earnings; employs about 85 percent of the population; and supplies about 70 percent of raw materials to the secondary activities (Ethiopian Central Statistics Office, 2006). The agricultural sector produces both crops and livestock contributing the greatest share of the country's GDP.

In the view to guide the economic development of the country and reverse its down wards growth, the government designed and pursued Agricultural Development-led Industrialization (ADLI) that focuses on productivity enhancement of small holder peasants through increased utilization of improved seed, fertilizer and scientific farming techniques. The Government has given a special attention to export trade. As a strategy to fight poverty,

the country has been implementing a series of poverty reduction strategy programs since 2000. Given the various practical policy and institutional measures, the performance of the economy has shown significant leap particularly for the last 9 years, since 2004, growing the real GDP average grow of 11 percent. This growth is well attributed to a double digit growth witnessed, especially in the service sector averaging 13 percent during the same period. The industrial sector has also shown a steady growth average of 10 percent for the period (Ministry of Finance, Ethiopia, 2011).

For the last decade, Ethiopian exports have shown substantial diversifications from the traditional export goods such as coffee, oilseeds, pulses, hides and skin, gold and chat (green leaf commonly chewed in the country and in some countries of the Middle East). Meat products, fruits and vegetables, flower, Bee`s wax, spices, cements, breweries, and other commodities have been included in the list of export items (National Bank of Ethiopia, 2011). On the other hand, Ethiopian import constitutes finished goods, capital goods, consumer goods, semi- finished goods and fuel constitute the major share in the total import bill. Ethiopia has been trading with various countries across the globe but with different degree. The country has been purchasing a significant part of its imports from Saudi Arabia, China, Italy, USA, and United Arab Emirates with respective shares of 11.8 %, 11.5 %, 7.14 % and 5.8 % in the period covering 2002 to 2008 (ibid.).

However, in recent years, the volume of trade between Ethiopia and China has significantly grown as the growths of performances of both economies have direct impacts on each other. The impacts from Ethiopian side could be seen from different perspectives. There is an increase in exports and imports to and from China because of the growing diversification and effects of FDI flow to the Ethiopian Economy. Indeed, Ethiopian exports to China are mainly agricultural products, which I shall deal more in the following.

ETHIOPIAN GREEN ECONOMY STRATEGY

Ethiopia is frequently experiencing the adverse effects of climate change. An increase in average temperature or a change in rainfall patterns have been seen impacting badly so much on the overall state of the economy. The Government of Ethiopia under the wise leadership of the late Prime Minister of Ethiopia, Mr. Meles Zenawi, has initiated in February 2011 the Climate-Resilient Green Economy (CRGE) strategy to protect the country from the adverse effects of climate change and to build a green economy that will help realize its ambition of reaching middle-income status before 2025. The green economy is based on four pillars:

1. Improving crop and Livestock production practices for higher food security and farmer income while reducing emission.

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2. Protecting and re-establishing forests for their economic and ecosystem services, including as carbon stocks.
3. Expanding electricity generation from renewable sources of energy for domestic and regional markets.
4. Leapfrogging to modern and energy-efficient technologies in transport, industrial, sectors, and buildings.

According to the Government, building the green economy is estimated to require an estimated total expenditure of around US\$150 billion over the next years. Economically, Ethiopia is currently one of the world's fastest-growing countries, with an average growth rate of over 11 percent for the last nine years (Report of Ministry of Finance, Ethiopia, 2012), which places Ethiopia the third fastest economy after China and India (IMF; The Economist, 2011). However, the challenge to funding this ambitious investment is very clear, and the government is determined to generate resources from domestic savings, foreign direct investment, grants, and transfers money, and sustain the national growth rate as projected by the government. It is therefore, very clear that Ethiopia would do everything possible to work with partners like China, traditional partners and others including international financial institutions so as to finance its green economy. Attraction of foreign direct investment in the economy will be paramount important. The engagement of China in the Ethiopian economy, therefore, will be needed very badly.

ETHIOPIA-CHINA RELATIONS

Ethiopia is not a resource rich country such as oil, gas and other strategic minerals that could be considered as the cause for China's growing engagement with it. But, one may still ask why China is interested in Ethiopia? What are the opportunities and challenges for Ethiopian economic development? Is the relation based on the win-win approach? Would Chinese contribution to the Ethiopian economy justify the assertion that China is a strategic partner for Africa not a neocolonial power in the making? Discussing these questions and others would be the main task of this chapter. While doing so, I should also stress that the growing Ethiopia-China relation is an integral part of the historic dimension that has started taking a new shape in the anal of the Africa-China relations in the aftermath of the end of the Cold War.

As we may refer above, I have attempted to provide some analysis of the general picture of the Ethiopian economic situation particularly till early 1990s, and how it had structurally suffered and was in a state of malaise. It has only been after 1991 that a new departure has surfaced on the horizon following the end of the military dictatorship in the country. As a new vision on governance and economic development has been brought up by the new generation of leadership, Ethiopia has begun to taste a bright future. The country with its rich

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potential resources and strategic importance has become a point of attraction for economic development. The importance of the growing Chinese engagement with Ethiopia could therefore be observed from this point.

I would in this regard immediately start by referring to a key research along the same line conducted by Gedion Gamora factoring in a number of variables that contributed for the growth of the bilateral relations between the two. As he puts it, one, Ethiopia needs China for economic assistance; as an alternative source to the West and China`s development is generally considered as a role model for Ethiopia to follow. Two, China also supports Ethiopia on different international issues, and looks toward Ethiopia especially in terms of its strategic importance and market potential. Three, Ethiopia could be a commercial launch pad for Chinese companies and China is also getting diplomatic support from Ethiopia for its policy on Taiwan among others (Gamora, Gedion, 2009). I should also add that Ethiopia being the diplomatic capital of Africa is well positioned for a country like China to influence the continent. Three, the economic interaction between the two will help increase the demand for primary commodities for both sides with the opening of new markets. Thus, the benefit for primary commodity producing country like Ethiopia will be substantial as it will provide a badly needed foreign currency. Ethiopia also considers China`s development as a role model for its development. The historic achievement that China has become successful in economic reform, national reconstruction and miraculous development from a backward country to an economic power house of the world today has become an inspiration for developing economies like the Ethiopian. The Ethiopia- China relations have therefore saw wide areas of cooperation from political, economic and social activities, which I have to discuss categorically for sake of clarity and analysis below.

IN THE SPHERE OF POLITICAL RELATIONS

Ethiopia and China are countries with long history of civilization with rich culture. Their relations could be traced back to ancient times. However, for the sake of this paper, I will only focus on the recent development. In the early 1930s, China expressed its support of Ethiopia in its struggle against the aggression of the Italian fascist. During the Cold War period, Ethiopia like many of its fellow African countries established diplomatic relations with China. The relations between the two countries assumed major significance particularly after the formal establishment of the diplomatic relations on November 24, 1970. Despite the ideological difference, the relations have generally been smooth, and framed along the principles of mutual respect, equality and mutual benefit. Over time, as circumstances between the two friendly countries changed, the bilateral relations after 1991 have kept advancing with significant achievements and importance with the advent of the Ethiopian People`s Revolutionary Democratic Front (EPRDF) into power. Soon after that, the bilateral

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relations moved into a historic peak of transformation in broadening and intensifying the mutually beneficial cooperation in various fields of development.

The growing Ethiopia- China relations could be seen in the context of the larger China`s Africa policy which saw a new departure after 2000 with the establishment of a policy guideline set under the Forum for China-Africa Cooperation (FOCAC). Ethiopia hosted the Second FOCAC Conference in 2003, exemplifying the importance of Ethiopia in the framework of the Africa-China engagement. The policy guideline makes it clear that the Chinese government focuses on: expanding Africa`s infrastructure; contributing to agricultural development and modernization of agriculture production; supporting social development in the health and education sector; contributing to peace-building and security in Africa; and cooperation on international forums. Thus, the Ethiopia-China bilateral relations have been operational within this specific policy frameworks and objectives. Intensive exchanges of high levels of visits of government officials by both sides and closer interactions between the rulings parties of the two countries have deepen the bilateral relations, and opened an opportunity for extensive economic cooperation. Ethiopia and China have also enhanced their multilateral relations on matters of interests to both sides, and Africa in particular. Issues of such cooperation include, but not limited to, peace and security, development, debt, environment and trade.

IN THE SPHERE OF ECONOMIC RELATIONS

As a measure to enhance the economic cooperation between the two countries, a number of agreements have been signed for economic and technological cooperation; trade and investment. China shows to be interested in Ethiopia primarily as a source of materials, and a market for Chinese exports that will expand as Ethiopia`s rapid economic growth continues. As for Ethiopia, Chinese involvement is stimulating economic growth and helping promote exports to other countries. The Chinese business approach has been found very practical appealing to the interest of Ethiopia by comparison to Western aid providers who often link their contributions to a number of conditionality.

CREATING INVESTMENT OPPORTUNITIES

Explained well above that contrary to the experiences of Western debt and assistance featured by various forms of economic and political conditions, China, using the South-South Cooperation, is focusing on a mix of loans with generous terms, debt forgiveness, infrastructure development, and other assistance to African nations in the view to assist them relieve from Western dependency. Generally, African countries have appreciated and responded positively to the Chinese approach of bottom-up, multiple, bilateral investment, trade, and aid because China has professed a willingness to ignore the political, conditional

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terms that characterize Western assistance. The South-South development cooperation school of thought views China's increased aid, trade, and investment in Africa as a positive development to foster Africa's self-sufficiency and sustainable development in the 21st century, which African nations need to make the best out of.

The assertion goes with reasons that the South-South cooperative win-win ventures are supposed to bring considerable benefits through trade flows, foreign domestic flows, technology transfer, and integration in global value chains, in addition to aid flows, which otherwise the partners would not have access to before entering into these relations (Desta, Asayehgn, May 21, 2009). China in this regard has positioned itself as a very vital and influential player in Africa's cooperative pro-business investment. Along this argument and given to the extent of current Chinese investments and strategic cooperation in Africa, many believe that the recent increase in Africa's gross domestic product and development is because of Chinese increased investment.

It is only from this perspective that we will be able to understand and rationalize the merits of Chinese investment in Ethiopia. As we will be able to see from various forms of Chinese economic activities, Ethiopia has substantially benefitted from the Chinese engagement in the country. According to the analysis provided by Prof. Asayehgn Desta, Ethiopia has achieved a high and sustainable rate growth since 2003. He has further alluded to the fact that the presence and conduct of China's foreign investment in Ethiopia since 2000 is becoming one of the fronts in reshaping Ethiopia's economic architecture. China indeed has carefully engineered its strategic approach to Ethiopia. It for example devised trade and biddings on government sponsored contractual projects, mainly infrastructural projects. The wave of structural reforms brought about privatization of state owned enterprises, which quickly attracted Chinese cooperative investment.

In this regard, Ethiopia has many reasons to involve Chinese investment as a strategy to come out of the vicious circle of developmental challenges: to have access to high technology; to increase employment; to broaden the productive basis of the economy; to acquire know-how; and to increase foreign exchange through export. According to Xinhua News Agency, China has proposed to focus on three key projects in Ethiopia that could be very "vital to foster...bilateral cooperation, referring to an agriculture technology demonstration center, an all packed economic and trade project including the construction of hydropower stations, and the establishment of an oriental industrial zone to attract investment from Chinese companies" (November 11, 2008). According to Mr. Gessesse, in 2007/8, in terms of the number of projects, the Chinese are the number one investors in Ethiopia. Out of 328 foreign investments that began operations in Ethiopia, 30 percent were from China compared to 8 percent from America (Gessesse, August 19, 2008).

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Along the same line, the late Ethiopian Prime Minister of Ethiopia, Mr. Meles Zenawi, has ascertained one time that “with the establishment of a new strategic partnership with China, the Ethiopian workers are reasonably paid and their working places are environmentally friendly. He has further stressed that Ethiopia`s exports have added value and have resulted in dividends for the joint-venture partners, and Ethiopia admires China`s technological level and expects China to expand technical assistance to Ethiopia” (October 17, 2006). By the end of 2011, China`s direct investment in Ethiopia has reached \$900 million, according to the source from Chinese Ministry of Commerce. China has also constructed a modern office and conference complex as the Headquarters of the African Union with an estimated value of \$200 million in Addis Ababa. The new complex exemplifies the important consideration that China has attached to its relations with Africa, and Ethiopia in particular.

As part of its development strategy, Ethiopia has continued to undertake massive infrastructure projects throughout the country, which include the construction of 6000 kilometers of rails, and light city railway networks. The government of China is considerably involving in the construction and financing of some of these projects, according to the sources of the Ethiopian Ministry of Finance. The first phase of the construction of these projects has already started. Ethiopian Ambassador to China, Mr. Seyoum Mesfin, has recently stressed the role China is playing in contributing to the Ethiopian economy at a forum in Macao on May, 16, 2012: “the Chinese investment in his country was transforming the economic fortunes. China has been playing an irreversible role in Ethiopia`s economic transformation, in investment and funding our infrastructure” (CHINADAILY.COM).

The cooperation between Ethiopia and China in the power sector has registered remarkable achievements in hydro and wind power construction projects as expounded by the Ethiopian Minister of Water and Energy, Mr. Alemayehu Tegen (2012, 08, 16, Addis Ababa). Ethiopia has also projected to increase its power supply to 10,000 MW by the end of the Growth and Transformation Plan (2010-2015), from its current level of capacity of 2,178MW. Though the Ethiopian government is largely responsible for financing of the project, the engagement of China in this endeavor is significant.

DIRECT AID

The formal relations between Ethiopia and China in economic and technical cooperation include provision of soft loans, grants and technical assistance. In this perspective, the Chinese aid to Ethiopia involves provision of medical teams and equipment, medicines, teachers, and educational scholarships for Ethiopian students in studying in China. The financial aid is to implement projects under the aid packages specified. Along this line, the Government of China has assisted Ethiopia in funding the establishment of a vocational school in 2008 in Addis Ababa with plans to enroll 3000 students learning skills including

engineering, automobile, architecture and construction. In 2009, the Chinese Government also laid the foundation stone for the construction of the Tirunesh Dibaba Beijing Hospital in the out skirt of Addis Ababa, planned as a modern hospital with 100 beds. The hospital being fully funded by the Chinese Government has gone operational in 2011, and named after the Ethiopian runner, Tirunesh Dibaba, who won two gold medals at the 2008 Beijing Olympics (Walta Information Center, Ethiopian Local News Agency, June 3, 2009).

INFRASTRUCTURAL LOANS

Ethiopia`s infrastructural development had suffered for long due to insignificant investment in the sector and shortage of financial sources. It has been only after early 1990s that a special attention was given to extensively invest on the infrastructure in general and the road sector in particular as the major tool to bring about changes in development. This is the reason as we may note properly that the primary focus of the Ethiopia-China relations have been dominated by infrastructural development. In this regard, China has provided large concessional loans to Ethiopia, for constructions of roads, rails, dams and power supply lines, etc., though these are often tied to construction projects to be undertaken by Chinese state-owned or state-controlled enterprises such as the Addis Ababa ring road opened in 2003 (Xinhua China News Agency, April 2003).

The Chinese support of road construction in the country are financed through the provision of grants, partly grants or loans, and well distributed throughout the country. Referring to some of such investments include, but not limited to, the many road projects started in Addis Ababa since 2003 are as follows (Source: Addis Ababa Road Authority, 2006):

1. Alert Hospital- Keranio: \$3.80 million
2. Mekanisa Square-Anbessa Garage: \$455,000
3. Adwa Square-CMC-Ayat: \$16 million
4. Lafto Lebu- Mekanissa Settlement Area: \$9.32 million
5. Winget Square- Gojam Road: \$44.80 million
6. Gotera interchange: \$12. 81 million
7. Meganagna- British Embassy: \$23.18 million
8. Yekatit 12 Square- Afincho- Ber- Semen Hotel: \$5.93 million
9. Ethiopia-China Friendship Road: \$3.93 million
10. Ring Road Phase I and 2: \$70.70 million

By the end of 2011, all these projects have been completed and opened for traffic.

On the other hand, in 2002, the Chinese Sino Hydro Corporation started work on the estimated US\$224 million to construct a hydroelectric project known as Tekeze Dam with 607 foot dam of 300 megawatts power on the Tekeze River in Northern Ethiopia and completed in

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2009 with a final cost of \$365 million. The Ethiopian government fully funded the project. In July 2009, Ethiopia signed further agreements with China for the Sino- Hydro Corporation to build 2,150 megawatts of hydro-electric capacity for the construction of the Gibe IV dam on Omo River in South Western Ethiopia, in a deal China and Ethiopia signed 1.9 billion euro power deal (Reuters, July 15, 2009). Moreover, with a partly commercial loan from China Eximbank, the Fincha-Amerti- Neshe Hydropower and Irrigation Project of 97 megawatt plant and associated irrigation started in Western Ethiopia by China Gezhouba Group Company at a cost of US\$70.6 million. The irrigation infrastructure will be used for sugarcane cultivation for sugar factory (Economic and Commercial Counsel of the Embassy of China, Addis Ababa, 2012).

China Eximbank has also involved in partly financing the 51 mw Adama Phase I Wind Farm, which started in 2011 and completed in 2012 with a project cost of US\$157 million.

On the other hand, the Ethiopian Government has started the construction of 1870 mw hydropower project known as Gilgel Gibe III on the Omo River, near the Kenyan border with a cost of US\$1.95 billion. China Eximbank is providing a credit to finance 85 percent of the US\$34 million cost of power distribution lines for the dam, and the Industrial and Commercial Bank of China would finance 85 percent of the estimated cost of US\$495 for provision of the turbines and electromechanical works (Gibe3.com.et 2011). Over 65 percent of the construction is completed with anticipation of bringing its final work by the end of 2013. The idea of the project is one of the many regional initiatives that the Ethiopian Government has taken to integrate the sub-region through energy, infrastructure, communication, economic and political networks and cooperation. Considering the importance of the project, the governments of Ethiopia and Kenya are working closely.

With the financial support of the China Development Bank, the Kesem Sugar Factory project started in 2011 in the Afar Regional State of Ethiopia with a provision of US\$150 million credit (Chinese Economic and Commercial Counsel, Embassy of China, Addis Ababa 2011).

China also signed with Ethiopia in November 2009 for provision of a grant of US\$349 million to help build the country's first 79 km expressway in order to link the Capital City, Addis Ababa, with the City of Nazareth. Under the agreement, the Export-Import Bank of China provides the loans to the project, which is undertaken by China Road and Bridge Corporation. The six-lane toll expressway 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 construction work of the project is expected to be completed in 2014 (People's Daily Online, Chinese Paper, November 09, 2009).

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By the end of 2011, according to the Chinese Ministry of Commerce, Chinese firms in Ethiopia had accumulated a turnover of engineering contracts with nearly \$4 billion dollars, and the Chinese Minister of Commerce, Mr. Chen Deming, pointed out a four- point proposal during his visit to Ethiopia in January 2011, on further development of bilateral trade and economic cooperation with Ethiopia: First, further expanding its imports from Ethiopia through the use of tariff-free policies; Second, strengthening cooperation in investment and engineering contracts and continuing to encourage strong Chinese firms to invest in Ethiopia; Third, fully, implementing the eight new measures to enhance cooperation with Africa; Fourth, further promoting cooperation in official development assistance to support Ethiopia`s infrastructure, and projects aimed at to improve people`s well-being.

TRADE

The trade relations between Ethiopia and China have also shown substantially expansion both in terms of volume and diversity. Exports from Ethiopia have grown from negligible levels before 2000 to around US\$130 million in 2006, primarily in raw materials such as partially finished leather. In the same token, exports from China to Ethiopia have grown from under US\$50 million in 1996 to US\$430 million in 2006, including low-priced clothing, machinery and electronics equipment (Gamora, Gedion, 2009). The Ethiopian government has encouraged imports from China in supplying industrial products for its local construction and manufactured firms. Exchanges of trade between state to state and private companies have shown continuous grow. For instance, by 2009, bilateral trade had grown to US\$1.3 billion, with Ethiopian exports encouraged as a result of special quota and tariff arrangements on different types of items. It is proven well that the special treatment has enabled Ethiopia to stimulate its export markets and generate additional foreign exchanges for its domestic investment capital. It is, however, clearly evident that though the two ways trade have significantly increased, the imports from China are expanding more than exports to China showing the trade balance that favors the latter.

In the period 1997-2004, the share of Ethiopia`s export (agricultural) to China has remained low, under 2 percent, which compares poorly with other African oil exporting countries. It is, however, important to note that by 2006, China has become the number one trade partner for Ethiopian exports reaching 13.3 percent, and seconded by Germany with 9.8 percent (Data presented by the Ethiopian Ministry of Trade and Industry, 2005/2006). The share of Germany which was the leading export destination of the Ethiopian exports in earlier period declined due to the rise of China as an important destination, which as well helped Ethiopia to diversify its export market. One of the reasons for China`s dominance is that Ethiopia, since 2005, has received preferential treatment to export a number of products (about 187) free of quota and duty to China (Raphael, Kaplinsky, 2006). Ethiopia at the time, however, was able to export only three of the stated exports: sesame, leather and leather products and

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incense to China. It has, nonetheless, added other products since then such as coffee, horticultural products, natural gum, be wax, edible oil, textile products, precious stone and other organic products.

The continued excellent political and diplomatic ties have further created a favorable situation to further expand the exchanges of trade on both sides bringing China`s export to Ethiopia in 2010 stood at US\$1.209 billion, a year-on-year increase by 3.4 percent, and imports from Ethiopia grew by 6.5 percent to US\$292 million (Xinhua, January 2011, Addis Ababa). According to the Chinese Minister of Commerce, trade with Ethiopia will reach \$3 billion by 2015.

INVESTMENT IN AGRUCULTURAL SECTOR

Any investment in agricultural sector in Ethiopia is very crucial as agriculture is the main stay of the Ethiopian economy, source of much of its foreign earning and employs its major work force. Despite its rich potential for agricultural development, Ethiopia has been the victim of drought and famine and unable to feed sufficiently its people. Therefore, it is imperative that the Government has laid down an agricultural led development policy focusing on scaling up productivity and an overall transformation of the economy.

China`s engagement in Ethiopian rural development began only after the establishment of the diplomatic relations in Dec. 1, 1970. Chinese assistance to rural Ethiopia was rather limited in this early period but shows a rise in different activities investment, including rural roads, veterinary research and training, crafts, irrigation, and rural electrification. Though Chinese agricultural aid program in Ethiopia has remained relatively modest, but the number of programs has increased after 1998. Chinese assistance includes of its contributions to the FAO`s South-South Cooperation Program, a zero-interest loan for machinery for a rural cotton plant, youth volunteers, agricultural training in Ethiopia and in China, and construction of a large agro-technology demonstration center at Ginchi area (Brautigam and Tang, May 2012, p12). The Chinese support in the expansion of the agricultural Technical and Vocational Education and Training (TVET) system is very significant in providing funds, materials and experts. Chinese investment also involves not only in agricultural development but also in manufacturing industries such as chemical, cement, construction materials, leather factory, textiles, and sugar factory, just to mention some. In the view to advance such manufacturing industries in the country, China has set up a Special Industrial Economic Zone at Dukem, and planning to do the same at selected locations in the country. Though it was not easy to obtain a concrete data on the total value of Chinese contribution in investment programs of agricultural and industrial development in Ethiopia, the Chinese engagement in various areas of such activities as concretely discussed above has a positive contribution to the development strategy that the Ethiopian government has underpinned.

INVESTMENT IN MANUFACTURING AREAS

Generally speaking, China`s manufacturing FDI to Africa tripled within four years, from just \$93 million in 2006 to \$276 million in 2010, and the FDI from 2003 to 2010 creating 1.6 million new jobs in the continent (Ernest and Young 2011). Among all African countries, Ethiopia has been the number 5 destination of China`s manufacturing FDI, despite its low level of industrialization, few natural resources and limited infrastructural networks. Considering the structural changes going on in China, the manufacturing FDI from China is very likely to be labor-intensive sector investment, which will indeed create massive employment opportunities, but more importantly, institutional innovation experience and productive labor skills to Ethiopia could be seen as a good example with the Chinese Huajian Shoemaking firm which employees 600 people, among whom 410 are locally recruited. Many believe that manufacturing FDI is more desirable than other types of FDI in developing countries like Ethiopia, such as mining, as manufacturing industries and related services generate more employment than minerals and natural resources and therefore implies larger scope of productivity.

Chinese engagement in manufacturing industry in Ethiopia is welcomed by the Government as the sector was suffered due to shortage of foreign reserves and structural unemployment. Any intensive investment in the sector is well considered by the government in its development focus to transform the Ethiopian economy from agricultural basis to industrial. In this perspective, labor -intensive, high-value added, and export-oriented industries, such as textile and leather products, sugar, steel bars, and cement factories, etc. are highly prioritized in the government`s development plan (Investment Agency of Ethiopia, Jan. 12, 2012). As much as it is Ethiopian desire to attract foreign investment, the Chinese are well positioned to eye such investment opportunities in the country. According to the China Business Association in Ethiopia, more than 200 Chinese invested manufacturing enterprises have been operating in Ethiopia by 2010 with a total capital of over \$100 million (Ministry of Commerce of China, 2010). These firms are covering industries including sanitary, shoemaking, leather, glass works and car assembly. For many Chinese firms, Ethiopia is found to be investment friendly due to stable peace and security, low labor costs, availability of skilled man-power, favorable tax policy, trade facilities, and expanding local market, and a growing prospect for African market.

The Eastern Industrial Free Economic Zone was built by a Chinese private company, Jiangsu Yongqi Group at Dukem area, 35 km away from Addis Ababa. It was designed to function as a base for the overseas processing trade, and a bridge connecting Chinese enterprises entering to the global markets. Different Chinese firms, such as a shoe-making factory, a cement-packaging factory, a factory making ceilings, and a pick-up assembly factory have fully started their operations.

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CHINESE NEW INVESTMENT AND CONTRACTING PROJECTS IN 2011

I am confident to believe that the analysis provided above would enable us understand how China is actively involved in the Ethiopian economic development. The outcome of the relations in this regard justifies that China is playing irreplaceable contribution to the overall performance of the Ethiopian economy as it has become the fastest in the world after China and India. It has as well proven wrong the views of some critics who try to label the character of China`s policy in Africa as neocolonial not partnership in reality.

Nonetheless, In the view to further clearly understand the extent of China`s engagement in the Ethiopian economy, particularly in the infrastructure sector, I would like to add more information on the list with respect to some of the leading Chinese new investment and contracting projects taking place in the country in 2011. The first category of the new projects is financed by Chinese private companies while the second category of contracting projects is financed either by the Ethiopian government or any other sources. In such arrangements, Chinese banks come in to provide credit facilities for the implementation of the projects and the contracting of work usually goes to the Chinese companies.

1. China`s New Investment Projects in 2011

Sub-Category	Company	Amount of investment	Field of Investment
Manufacturing	Capital Cement	\$13,000,000	Cement Production
	Huajian Int`l Shoe Factory	\$5,000,000	Footwear production
	Wild Horse Automobile M.	\$2,500,000	Pick-up Production
	LQY Steel Pipe M.	\$1,500,000	Steel Pipe
Equipment Rental	Sino-Africa Renewable Energy Eng. Corp.	\$5,000,000	Rental of const. Equip.

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Catering Service	Sunshine City	Seafood	\$100,000	Chinese Cuisine
Electronic Assembly	ZHENDONG XIAO		\$550,000	Assembly of Electronics

Source: Economic and Commercial Counsel, Embassy of PR of China, Addis Ababa, Ethiopia

2. Chinese Contracting Projects in 2011

Sub-Category	Name of Project	Contracting Value	Content of Project
Deep Well drilling and Water Supply	A.A. Deep Well Water Supply Pro. Phase II	\$13,200, 000	Drill for water supply
	A.A. Deep Well Water Supply Pro. Phase III	\$95,000,000	Drill for water supply
	A.A. Water Supply Pro.	\$5,000,000	Drill for water supply
Electrical Project	Adama Wind Power Pro.	\$117,000,000	Construct Wind power farm
	Gibe 2-Wolaita Power Substation & Transmission Line Pro.	\$25,000,342	Design and supply of 119km long 400KV power transmission line
	Gibe Dam 3 Hydro Power Plant EPC Pro.	\$451,000,000	Build 110m high dam, 12.4km tunnel, and install 3 sets of

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Road Project	Wolkite-Arekit Rd. Pro.	\$4,400,000	84.7W generators
	Abiadi-Fireweyni Rd.Pro.	\$50,000,000	60 km Asphalt Rd.
	Arya- Chanka Rd. Upgrading	\$40,000,000	100km asphalt Rd. 67.78km asphalt & concrete road
Irrigation Pro.	RIBB Dam Water intake tower project	\$12,930,000	Civil works
	Wolkite Dam Grouting project	\$11,000,000	Grouting for dam
Railway Project	Ethio-Djibouti Railway section I: Addis-Mieso	\$1,639,000.000	Design and build of 339km line
	Ethio-Djibouti Railway section II: Mieso-Dewele	\$1,197,400,000	Design and build of 339km line
Telecommunication project	MCIT Telecom project	\$200,000	Construct TPX system
	A.A. Municipal Service network project	\$8,000,000	Construct network
	National Security network project	\$2,000,000	Construct network
Metallurgy project	Bikilal Mining and steel plant project	\$368,000,000	Build a steel plant with annual output of 500,000 tons

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Building construction proj	Wegagen Headquarter Bld	\$43,500,000	Design and build
Food processing Machine plant	Habesha Beer Factory	\$28,000,000	Design, supply and install a beer production line with annual output of 30,000tons

Source: Economic and Commercial Counsel, Embassy of the PR of China, Addis Ababa, Ethiopia, 2011.

ASSESSMENT OF THE RELATIONSHIPS

It is my view that the analysis that I have presented so far on the relationships between Ethiopia and China as a case study would put us in a position to understand the extent of Chinese contribution in the Ethiopian economic development. Many critics, political leaders and scholars, particularly from the West including their media networks have tried to see the Africa- China relations from perspectives of the Cold War neocolonial thinking. To start with, they have deliberately ignored the reality that the nature of international relations have dramatically changed both in objective and focus in the aftermath of the Cold War. Consequently, the balance of power in the world economy has changed to that effect. The change from bipolarity to multi-polarity has ushered in a new set of international alignment with the emergence of new economic and political powers from the south, such as China, India and Brazil. An equally important event to be noted is the way the G20 is profoundly transformed itself following the world financial crisis as an important force in the making of a new global order. All these events have indeed brought with them challenges and opportunities to the developing world.

The Africa-China relation need, therefore, be understood from the context of the new global paradigm. As it has been well captured in the preceding chapters, and in the face of multiple global challenges from peace and security, poverty, environmental problems, terrorism, ext., the Africa-China relation reflects the new reality of international relations based on the principle of cooperation and partnership characterized by common interest of all humanities. The central issue, therefore,

should be how the international community needs to harness its efforts through a coordinated action and cooperation to tackle the complex challenges of the world.

Considering the significant contribution of China to the development of Africa, the concern of some critics on the motive of China in the continent is not morally and logically tenable. As it is analytically noted above, Africa for long has never been given the opportunity to articulate independently its own development agenda. There has been much interference from the West including their companies. Africa has never been viewed as a continent with hope and better future despite its rich and abundant natural resources. Rather, it has often been expressed as a hopeless continent. Rich nations in the West including their companies were also avoiding Africa owing to a number of factors, such as bad governance and political instability. The irony of the matter is that measures often initiated by Western nations and International Financial Institutions to tackle the issues of bad governance and political instability have failed due to misconception of local conditions and outright impositions of such ill advices without the involvement of Africans on matters that concern them most.

As explained elsewhere in the preceding chapters, marginalization of Africa was even worse in the immediate period after the end of the Cold War. This was partly due to the fact that the rich Western nations and their companies diverted their eyes to the former communist states of Eastern Europe. The situation in the continent of Africa, however, was very fertile as a new wind of change for transformation began to blow across the horizon. The event coincided with circumstances that African nations have begun to show a renewed determination to assert their own future aimed at building African owned development path, good governance, and peace and security in the continent.

This has not been, therefore, a mere coincidence of lack for engagement of China with Africa. China being driven by its policy of “Go Global” found Africa’s determination for transformation and ready for business, in which the Chinese Government has set a series of initiatives to support Chinese companies willing to invest in Africa. In order to materialize these measures, the Government of China issued policy guidelines for the future Sino- Africa relations, which includes, support Chinese companies to invest in Africa, establish development funds for investment in Africa and expand export trades. Moreover, the Chinese Government provided a policy to facilitate FDI offering low interest loans through the Chinese Banks.

However, the continuing debate on China’s engagement in Africa assumes a special attention in the study of Africa’s international relations. The ongoing debate also raises a growing concern in the academic circles to contextualize the motive of China’s engagement in Africa within the theoretical frameworks that guide most of our thinking about how states act and behave in international relations. Looking at the nature of the Africa-China relation, it will be imperative to understand the China’s Africa policy and assessing the impacts on sustainable development of Africa.

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From the theoretical perspectives provided at the earlier section of this paper, the engagement of China in Africa does not qualify any of the characteristics of neocolonialism, such as exploitation, domination, interference, denial of access to development, just to mention a few. China's policy in Africa rather has been guided by the principle of mutual interest, non-interference, mutual development, and win-win approach based on partnership and cooperation. The Chinese approach to African development is rather practical and compatible to the need of Africa in tackling the challenges of development in the continent. For instance, Western development partners usually focus more on policy based lending to make markets work better while neglecting investment in vital infrastructure and support services that are critical for raising productivity and reducing poverty.

The Chinese approach in this regard is quite the reverse. It fills the gap of critical need of infrastructure, and investment and is doing it cheap, less bureaucratically. Many African scholars acknowledge the fact that China's role in helping African economies to achieve long-term growth is based on through the principle of mutual benefit. It is often said that the European colonial powers built roads solely for the extraction of resources in the territories of their colonies. While today China is constructing roads that are suitable not only for transport of resources but for citizens to use it for economic activities and social services. It has also been explained that Chinese demand for African natural resources and other raw materials has been impressive in helping to expand Chinese investments in various sectors of development by providing the badly needed capital. The relation has also opened up opportunities for African producers and for earning of foreign exchanges as production increased and markets expanded.

China is also unique in its view of Africa. Unlike the Western nations, China considers Africa as its equal partner possessing dynamic opportunities for development. China as an emerging economic and political power house of the world has proven itself as a reliable ally and supporter of Africa on international forums and institutions in defending African interests. It cannot be thought otherwise that a neocolonial power would be able to do this. The creation of FOCAC as a mechanism to advance the Africa-China relations is part of the multilateral diplomatic efforts that both sides have intensively engaged in order to deepen their cooperation, bilaterally and multilaterally.

The characteristics of the Ethiopia-China relations can, therefore, be understood in the context of the Africa-China relations. As it has vividly been noted, the Chinese involvement in the Ethiopian economic development has been substantial and positive. The bilateral economic and political relations remain strong, and will continue to be an alternative source on investment and trade partner to the West. Considering the long history of China as agricultural, it put a lot of emphasis on the transformation of its rural development. The continuous efforts it made in the introduction of reforms on the transformation of its agrarian economy into industrial, measures in advancing infrastructure, strengthening of institutions and human resource development have

been a lesson for Ethiopia, for the economy is largely based on agriculture. Ethiopia can also learn a lot from China's development model. China has presented a good case that a political leadership with vision and discipline can make a difference in developmental state. Chinese model of home-grown radical economic reform agenda would serve as a good example for Ethiopia and indeed many African states which for many years have failed to assert on their own path of development. Developing series of institutional reforms, financial support, and investment in vital sectors of the economy, such as infrastructure to unlock the potential of domestic products would be of a good model for developing economy like the Ethiopian.

The involvement of Chinese investments in the Ethiopian economy has been very significant. China's support of Ethiopian development with provision of financial grants, large scale interest free loans, and zero-tariff treatment to large categories of Ethiopian exports to China have created opportunities for growth of the economy, creation of markets for export items, generating of foreign exchanges for investments and creation of jobs. The support of China by encouraging its banks to invest and contract projects in Ethiopia has helped to stir economic growth in the country. The Ethiopia-China relation has been directed towards advancing the Growth and Transformation Plan of the country, which aims at moving Ethiopia to the middle- income country by 2020.

Along the same objective, the Chinese involvement, as it has been noted above, has been primarily focused in crucial areas of development: infrastructure, manufacturing, agriculture, education, human resource development and health. In this regard, the Chinese involvement has been irreversible and very visible. The encouragement that the Chinese Government has made to enable its companies invest in Ethiopia and its banks to make credit facilities for various projects in Ethiopia, particularly in energy sources, roads and railways, have been exemplary in the continent of Africa.

The miraculous double digit economic growth that Ethiopia has registered for the last nine years is not just by chance. The Chinese contribution to it takes a significant factor as it is well acclaimed by not only the governments of both countries but also by the international financial institutions such as the IMF, the World Bank and the Africa Development Bank. Many development scholars also share the same view admiring the progress that Ethiopia has made so far as one of the fastest growing economies in the world, and the contributions of the Chinese investment to that are well noted. Indeed, this is a good case to prove that China is not a neocolonial power in Africa. It is fair to say that deeds are more powerful than words. According to the current economic situation, many agree that the Ethiopian economy will continue to grow in the same pace, and the UN has confirmed that Ethiopia will be one of the few African states which will meet the Millennium Development Goals by 2015. Chinese contribution and role is also significant in supporting Ethiopia's efforts in grand strategy of integrating the Horn of Africa by power, telecommunication, roads and railways, with the objective to put the Sub-region together towards market integration, sustainable growth and common development. It is no doubt that China being a major donor to Ethiopia and

source of investment, the impact of Chinese contribution in the Ethiopian economy will remain crucial and decisive.

Finally, as much as we may have appreciated the Africa-China and Ethiopia-China relations in advancing development, we may also have traced some challenges and problems posed by the relationship. As it is practical in many cases that any event of such international relations, bilateral or multilateral, has its own opportunities and challenges. In the context of the Africa-China and Ethiopia-China relations, my focus of analysis has been more on the positive aspects of the variables that have been observed as fully evident to prove that the characteristics of the relationship is based on partnership. This is, however, does not mean that it is done so with the intention to conceal the existence of some counter perception about the relationships. In the ensuing chapter, we will look at some of such differing opinions and challenges, and will suggest what Africa and China should do to sustain the relation in the interest of both sides.

CHAPTER VI: REACTIONS ON AFRICA-CHINA RELATIONS

The growing engagement of between China with Africa over the last two decades has sensitized supporters, and skeptics. Concern has also been expressed as to know whether China is a true partner or a force surging for its own interest in the continent. A plethora of scholarly written articles and books, political commentators and experts in the field of international relations have frequently presented China as both an opportunity and a threat to Africa. Many positively view China as an opportunity for Africa in the changing structure of current international relations in the form of South-South cooperation that will be politically and economically beneficial to Africa, a continent that has been marginalized for long by the West from real development. But others consider China as the same wine in the new bottle, similar to the roles what the West has been playing in Africa. They even tend to call it 'the new neocolonialist'. Indeed, we have to be very careful in drawing a conclusion on such assertion unless we have a good experience of what the Chinese are doing in Africa.

On Issues of Natural Resources

It has become worrying for political leaderships in the West as things have become clearer that China has overtaken the balance of power in Africa, challenging the US as the leading economic and trading partner of the continent. For the West, the Chinese move has been considered as onslaught on western interests in a continent which traditionally was viewed as their backyard. The west has therefore seen the emerging of China`s influence in Africa as a threat to their national interests and values. They could not hide their concern as China`s investments in extracting industries have tremendously increased in countries such as Angola, Nigeria, Sudan Gabon, Equatorial Guinea, and new prospects under Chinese explorations are underway in a number of countries in the continent. However, it should be asked a question why the west think that the resources of Africa is only for them? Does not this imply that Africans do not

have the right to sale their resources to any other countries of their choices? It is also important to raise that if African development is indeed something to be appreciated by the Western nations, they should assist countries in Africa to maximize the benefit of their natural resources.

On issue of the Conflict in Darfur, Sudan

The other area of concern expressed by the west is about the role of China in the conflict in Darfur, Sudan. The claim is that China because of its extensive interest in Sudanese oil, continuously hampering any resolution at the UN Security Council over potential sanctions against the Sudanese government. The west also accuses China for supplying of weapons to the regime in Khartoum. From perspective of the Chinese view, any sanction against the government will only derail the peace process and eventually hurt the ordinary people.

On Issue of Good Governance and Human Rights

The West again complain that China`s soft policy of non-interference , mutual respect of political and economic system is impeding the effort to build democracy and good governance in Africa, and help to protect dictatorship in the continent. Zimbabwe and Sudan are specifically referred by some critics from the West. We should not, however, forget that the Western development partners` focus on policy matters such as issues of human rights and good governance could not bring the desire solution for African developmental challenges as such initiatives were externally imposed, not locally evolved. The attempt to blame China in this is regard is not rational and over exaggerated due to the fact that no African state has ever complained about Chinese interference in its internal affairs. We have to be frank with ourselves that the past and present political history of Africa reveals the fact that the issue of good governance and human rights has never been the guiding doctrine of the relations of Western nations in Africa. It has been purely dictated by their national interests. There were regimes until recently condemned as dictatorial in Africa but were allies of the West. Why China is becoming an issue then?

On Issue of Chinese Cheap Products

One of the more contentious issues surrounding the Africa-China relations involves the export of cheap manufacturing goods from China to Africa, which is resulted in a decline in African exports. Many people in the continent are accusing China for dumping products of cheap and poor quality in the African markets, mainly such as footwear, textile, clothing, electronics goods, machines, plastic products and drugs. African traders are also complaining that local factories particularly textile, clothing, plastic and footwear industries, are on the brink of closer due to Chinese competition with their low-cost imported goods. But it is no doubt that these goods have huge demand on local markets. Consumers may be excited over cheaper prices, but there is no doubt that the situation has contributed to the decline of demand for local products, and has scaled down jobs. In terms of quality, Chinese products, particularly electronic items, are often found to be poor compared to the selected Chinese items destined for

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western markets. Traders in some African countries, like Zambia, Senegal and South Africa have experienced social unrests boycotting Chinese products.

African critics claim that Chinese are both cornering the global market in sectors where African exporters compete for share and flooding the continent's own market, crowding out locally produced goods (Taylor, Ian, 2010, p63). Strong condemnation is seen coming from some African trade unions and civil-society organizations as well as from African producers. All these have made some to claim that the trade pattern between the African continent and China is becoming colonial in character, with African countries export raw materials to China and importing finished products (Business Day, September 27, 2005). Though some of, if not all, the views about the challenges in the Africa-China trade relations are valid, the claim expressed about the trade pattern as neocolonial in nature is more of an expression of concern. Because, the characteristic of neocolonialism cannot be understood from one or a few circumstances. It goes beyond that involving the political, economic, cultural and social practices and behavior of a state performing in a relation as exploitative and dominative.

It should also be noted that compared to the overall increase of trade between Africa and China, Sino-Africa trade volume is taking a limited percentage in their total foreign trade volume. At present, China is indeed the leading trade partner to Africa. However, the trade volume takes less than 15 percent of the total African trade volume, and the developed countries collectively take more than 70 percent of the total (Xiaofeng, Zhang, 2009, pp247-248). Moreover, the Africa- China trade links are limited to a few countries and regions, mainly to the extracting sectors. Nonetheless, the expansion of Chinese industrial products in African markets, most of which are noted to be low-end consumer goods and labor or material intensive low value added goods with low quality. However, given to the economic situation of Africa, many consumers prefer to purchase Chinese products due to the low prices, though this may put local products out of competition.

It should, however, be clear that China as a global economic power, second to the USA, has the capacity to produce and export manufactured goods of world class, which are competitive anywhere in the world. Its advancement in science and technology has enabled it to penetrate the western markets exporting electronic goods, textiles, automobiles, cycles, ext., are even more preferred in terms of quality and taste. To this end, the quality of Chinese exports to the African markets today is not the same as what used to be a decade ago. The claim to say cheap and poor Chinese products is becoming soon a view of the past.

Nonetheless, African governments should work very hard to ensure that the capacity of local industries and businesses are strengthened so as to help them compete with imported goods in terms of quality and price. Like any infant economies, local industries should not be allowed to perish in a situation where the peach is not level for all players. Equally important, governments should make measures to boost value-

added exports and diversify the economy in order to attract foreign currency and bolster investment.

The Imbalance of China-Africa bilateral Economic relations

It is no doubt that the bilateral economic relations between Africa and China and Ethiopia and China have developed greatly for the last two decades. However, some suggest that the prevalence of the imbalance in the economic areas of relations could be expressed as a challenge, particularly the balance of trade. This is seen with the cases of many African countries as a general phenomenon that though the value of imports and exports has been growing significantly, the balance of trade is heavily favoring China. This situation is true only with African countries which are mainly exporting primary products. To the contrary, the situation is different with oil and other mineral exporting countries, such as Zambia, Angola, Sudan, and Nigeria, ext., where the balance of trade is favoring these African states. It should also be clear that according to the current sources over, 70 percent of the Africa-China trade is dominated by natural resources. So, we should be careful in our analysis of the imbalance of trade between Africa and China is it about the 30 percent or the 70 percent of the trade components? Moreover, when we refer to the imbalance in the economic relations, we should not oversight the amount of investment China is putting in the African economies. As we have examined in our case study of Ethiopia, the Government of China and its companies are involving in the various crucial sectors of development in a number of countries in the continent. Trade is just one but important aspect of the economic relations between the two sides.

On Matters of Labor Practices

As the exchange of trade between Africa and China grew, conflict over differing labor practices has surfaced between Chinese and African enterprises. Chinese entrepreneur rarely employ local professionals in major fields of management positions. There are also cases that Chinese companies employ their own nationals even in jobs that can easily be filled by local laborers. The Chinese view that it is economically more efficient and technically more advantageous to recruit Chinese professionals and laborers as they are more familiar with the technologies and face fewer language and cultural obstacles in communicating with their work force.

From the African perspectives, the Chinese labor employment practice is not contributing enough to local economies and employment. Consequently, the Chinese approach does not help to transfer knowledge and technology to Africa as a strategy to build local capacity. In the view to reduce the growing discontent and reaction, this practice is getting improved over time as Chinese companies involved in more investment and contracting projects. They have also learnt that this change of labor practice has the potential to eventually lower production costs and help build a cycle of increased investment by Chinese companies and benefit to the local community. This is one area that both the African and Chinese sides should give it serious attention in involving local professionals and workers in Chinese investment areas as an important

element of promoting African human resources.

Opening -up Conflicts Between Western and Chinese Interest in Africa

The presence of Western influence in Africa has been felt for long time in history- from colonial legacy and their geo-strategic domination during the Cold War and the continued influence today. Due to the fact, Western countries still consider Africa in terms of their “sphere of influence” and China is usually considered as an “alien player” in the region (Berger, Bernt, 2006, pp129-138). As part of the campaign against Chinese presence in Africa, it is accused by the West that its developing relations with Africa is purely based on securing oil supplies and other natural resources while supporting corrupt and authoritarian regimes in the continent. It is becoming evident that there is now growing fear that as Chinese engagement in Africa increases and deepens, conflicts are likely to surface, particularly in the competition to secure energy supplies. The implication could be even worse if the conflicts go down to influence the politics of African states in support or object of one power against the other. Many express concern to the extent that the politics of competition for domination of Africa similar to what was during the Cold War between the West and the then Russia, and China and Russia may reappear.

GENERAL ASSESSMENT

Although part of the criticism given above is justified, a close and objective examination will provide a more meaningful interpretation of China`s motive in Africa. It is important to take cognizant of the fact that despite its growing engagement with Africa, China is not yet an overwhelming powerful player on the continent in both the economic and political spheres of activities. The Western nations notably the USA and the European Union, and the International Financial Institutions are likely to continue to be the predominant forces in the continent. If, however, is tending to criticize China for using aid as an instrument to gain access to resources or to achieve political goals, one has to recognize, equally that the rich Western nations` long time involvement with the continent has never been purely acting for African interest. The fact cannot be overstated that the traditional donors have used aid for strategic purposes in the past, and continue to do so. Empirical evidences show clearly that the vast majority of aid programs in Africa have had very little effect on either poverty reduction or development.

Considering the poor record of traditional donors` aid programs, China`s different forms of engagement with Africa might create good fortune for recipients in the continent by offering an alternative to approach that may be more productive and effective in fostering economic growth. It is not the opinion of this author that Africa should be dominated by any block or power of influence in its international relations. It would be in the interest of Africa to properly make use of its partnership with any donors, East or West. Increased competition between donors could create space for different strategies that might make all development programs more efficient.

Evidences lately have shown that the traditional donors seem to have drawn lessons from their disappointing results of development programs to Africa, and have made some adjustments to their aid and debt relief programs, and with Chinese emergence, they feel a more urgent need to improve the effectiveness of their initiatives (in L. Rieffel, 2007). Equally important, there is a need particularly the G8 and China to work together in support of African development instead of competing as they have a common aim in seeking reliable suppliers of oil and raw materials, and both need a stable environment on the continent. On the other hand, China cannot ignore the issues of governance and human rights, because these are basic factors for maintaining stable economic relationships with Africa. It is also important for building China's international image in its relations with other powers.

It becomes now growing evidence that China has drawn lessons from their problems and challenges in the relations with Africa. It has shown determination to take measures to reduce the adverse effects on their engagement with Africa. The measures they are taking include poor workplace safety, a deteriorating environment and a deficient social safety system, all of which must be balanced against sustainable economic growth. Improvements have also been noted over time to use more local employees in their projects in Africa. Chinese policy of establishing Special Economic Zones in Africa is part of the new measures to help African economy move from primary to manufacturing industry, and thereby broaden the economic bases of the countries. It is clear that such measures will enable the African economy to be more competitive and diversified. As African exports move to industrial products, the continent will greatly reduce the import of Chinese manufactured goods as imports will be substituted. China also should listen to the complaints voiced by the consumers in Africa and make continuous improvement to meet African expectations. Sustaining of the relation is very vital to underline the long term stability of the bilateral cooperation in the light of the worldwide economic crisis.

The charge of neocolonialism is in large part of the West's anxiety over China's rising presence and influence in Africa. Given to the miraculous growth of trade between Africa and China reaching close to \$170 billion by the end of 2012 in a span of a decade; the amount of Chinese FDI flown to Africa, and the tremendous contribution that China and its companies have made in the African economic development; and the trust that have been built between Africa and China in the diplomatic and political spheres, China's behavior in Africa does not stand up to the charge of neocolonialism. It is, therefore, necessary to rationally draw a conclusion that none of China's activities in its relations with Africa in general and Ethiopia in a particular case are matching to the characteristics of neocolonialism. The crucial question is whether the Africa-China relations have impacted on the current state of African development. It is of interesting to note that today in a world of economic a crisis, Africa has registered an average economic growth above 5.6 percent according to the World Bank and IMF reports. The same source indicates that out of the ten fastest economies in the world, seven are

from Africa. Many development partners and experts are calling Africa rising, a continent some decades ago was labeled as a hopeless continent. China has become not only a factor to the development of the African economy but also an inspiration for transformation and a model for change.

Talking about China as a development model for Africa, nations always aspire to take the best experience from others. Given the historical experience of developmental challenges, states in the continent of Africa have shown eagerness to learn what China has done in transforming its agrarian based economy to one of the leading economies of the world today. The Ethiopia's growth and Transformation Plan has as well been influenced by the Chinese experience. The experiences of Taiwan and South Korea in development have also been important to the Ethiopian development strategy. It is also true that many African countries view east Asia's development experiences, including Chinese, as more replicable. On the other hand, neoliberal economic theory has recently been criticized in many countries in Africa, particularly in Ethiopia, for rather causing under-development in the continent. Many critics of this theory also argue today that it is partly responsible for the current global financial and economic crisis as a handful of rich people control most part of the economic wealth of each country.

The developmental state theory of the Chinese model is appearing to be fitting to the African scenario, and many countries including Ethiopia are drawing heavily on similar concepts. The lessons these governments draw from such models may vary, but many focus on principles that have become practical and realistic to the given environment. Indeed, they may not claim to use east Asia or China as an exact blueprint for development. As part of the strategy to strengthen and deepen the Africa-China relationships, both Africa and China should do a more meaningful engagement at multilateral levels. Africa and China should draw a strategy how China could be engaged with the African Union, the African Regional Economic Communities, and NEPAD (New Partnership for African Development). This is strategically very crucial to bring on board all stakeholders of African development in the effort to have a continental wide concerted approach with China. In final note, considering the extent of opportunities that both Africa and China are enjoying in their multiple relations, bilaterally and multilaterally, the prospect for sustaining this partnership is sound and reliable.

CHAPTER VII: CONCLUSION: SUMMARY AND RECOMMENDATIONS

In concluding of the thesis, I have made a brief analysis of the topic in looking at the salient features of the subject of the research work examined so far in this paper. While summarizing the project, attempts have also been made to reflect in detail from personal perspectives what has been learnt and proven from undertaking the analysis of the problem, and its significance and implications in society. Some ideas of recommendations have finally been made to look at the future as well.

As discussed, China's recent role in Africa is one of the most important issues of the 21st century for the two regions and has implications for the rest of the world. Both regions claim to share a number of common values and interests, which have served to lay reasons for relationships. Africa and China are the victims of colonialism and have a long history of anti-imperial struggle. They confidently assert that their relationship is not one of recent circumstances, but rooted in long history of friendship. History indicates that the Chinese had developed trade relations with Africa, particularly with regions along the east coast, much earlier than their European counterparts. China now with a population of 1.3 billion is the biggest developing country in the world and Africa (55 states) with a population of 1.02 billion is a continent with the largest number of developing countries. The Bandung Conference of developing countries held in the early period of the Cold War in 1955 in Indonesia believed to be a historical moment for China and developing countries, including Africa, to forge a strategic alliance against the West. This was the modern stage of engagement for China to start relationship and offer economic, technical, political and military support to African countries and liberation movements. Though only six countries from Africa were represented at the Bandung conference- Ethiopia, Liberia, Egypt, South Africa, Libya and Sudan, the circumstance had a great effect on the establishment of modern diplomatic and political relations between Africa and China. Some historical records show that after the establishment of the People's Republic of China in 1949, about 1000,000 Chinese fled the country and settled along the eastern coast of Africa. The political, military and economic support of China to the liberation movements in Africa was very significant in the 1960s. Following the independent of many states in the continent, China's diplomatic relations followed suit with many of the new states. The China's investment and technical support in the construction of the 1800km Tanzania-Zambia railways in early 1970s was a model in the Africa-China relations. China during the same period and after financed a number of showcase projects in a number of countries.

It is elaborated in detail that China's remarkable economic growth in the past three decades has gained considerable world attention, from stunning critics and friends alike. This happened after decades of obscurity about Africa as a hopeless continent, China's intense relations with Africa particularly after 1990's have become a regular feature of media attention, research and policy engagement within and outside the continent of Africa. But, many have asked questions to find out the motive of China's surging engagement in Africa, and the implications and significances for African development. Many have taken the Africa-China relation as an opportunity for Africa while some critics consider it as a new phenomenon of neocolonialism, not a partnership. Concrete evidences with respect to the outcomes of the relationships in various forms of activities have been analyzed in order to answer a number of important questions to that effect. The theoretical framework provided has been significantly important in examining the merits and demerits of the argument on the deepening relations of China with Africa. The unfolding debate as we have looked at in the paper has become an important phenomenon in the study of the contemporary

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Africa's international relations and reflects a growing concern in the academic circles to contextualize China's behavior across the African continent within the theoretical frameworks that have guided most of our thinking about how states act and behave in international politics. In this regard, attempts have been made to explore the factors and conditions that underlie China's Africa policy and analyze the implications for the continent's sustainable development.

Due to the fact that some critics claim the Africa- China relations as colonial in nature driven by Chinese domination and exploitation. The writings of scholars in defining neocolonialism have been discussed referring the post-independent period of Africa. The geo-political practices of using the political, economic and cultural means of relations have been analyzed. In comparative perspective, the African-China relations have been examined from the framework of the same concept so as to understand the nature of the Africa-China relations.

As a background of discussing the problem, the presentation on the overview of the developments that have taken place in recent years in Africa and China have been important in the view to capture the different factors that have facilitated for the emergence of the evolving relations between the two and the implications there from, particularly after 1990s. As noted well, Africa despite its rich natural resources has remained to face the challenges of development. The situation has prompted many to understand and overcome the development dilemma that confronted the continent till today. Different strategies and models of development have been tried and subscribed as solutions, but all ended with failure. Many factors have been taken as fundamental reasons for the vicious developmental problems that most countries in Africa have gone through, external and internal. The paper has examined the main ones: the processes and consequences of the slave trade, the colonial rule and the legacy of colonialism that have casted immense damage on the political and economic development of Africa and responsible for what Africa is today. The scars of neocolonialism prevailed over the continent with all its pains and sufferings. Independent Africa was given little opportunity to taste the fruits of freedom with political and economic success. Economies were destroyed and resources were plundered, people were exploited and ethnic harmony was replaced by conflicts. This is what many Marxist theorists called it the work of neocolonialism.

Most African leaderships also assume their own shares of responsibilities in their contributions to the practices of corruption, bad governance, nepotism, tribalism, authoritarianism, just to mention some. The African economy was further weakened due to a number of civil wars, military coups and political instabilities compounded by drought, famine and displacement of people as refugees. The paper looked at the issues in detail analytically using material evidences from reliable sources.

On the other hand, the structural imbalances and developmental failure in the 1970s and 1980s forced many African states to embrace the widely known IMF-World Bank

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induced Structural Adjustment Programs (SAPs). Due to which as explained, all grants and loans destined for African development were tied to strict adherence to the conditionalities imposed on African states, and the results have been disastrous. Furthermore, globalization being characterized by liberalization, competition and neoliberal free market economic policies, undermined Africa's fragile and weak economies and created a phenomenal developmental challenges for the continent.

However, events following the end of the Cold War and as the 21st century ushered in, the international situation changed bringing favorable situation for Africa, indeed for many developing economies. New winds of change have brought up a new paradigm of thinking about the need for global cooperation on issues of development, environment, peace and security, ext. Consequently, Africa has taken advantage of the new development to obtain support from the West and the East and International Organizations for its development and resolution of conflicts. Being inspired by the dynamic events, Africa took the initiative in 2002 to adopt the New Partnership for Development (NEPAD) for Africa's renaissance with the objective to articulate an African-owned and African-driven development agenda, and to strengthen the continent's bargaining capacity with its development partners. The creation of the African Union (AU) in 2002 has also been an important measure in the history of the continental organization. The AU has been crowned with the objective to facilitate the African political and economic integration process, create peace and security and development, and enhance African international partnership.

The period has also witnessed the emergence of China as an important global political and economic power. As Africa and China were driven into a partnership of cooperation, questions have been asked by many as to know what impacts this would have on African development. The year 1979 marks the start of the new era for Chinese economic growth and transformation from agrarian to industrial under the leadership of Deng Xiaoping, which eventually led to a surge in China's economic growth. The Chinese economy continued to make dramatic development since then.

The end of the Cold War has, however, brought a moment of fortune for Africa- China relationships as new events in both sides began to factor in the path of their development. The period witnessed the quick growth of bilateral trade and diversification of economic cooperation between China and Africa, and mutual support in the international arena for a just political and economic order. China began its 'open door policy ' beginning in the 1979, and became fully engaged in practical economic reforms and put social as well as economic development at the center of its national development strategy, while ideology receded into the background. China's 'going out' policy in 1991 aimed at exploiting external markets and resources, brought it closer to the dawn of the new era for the Africa-China relationships. In this period, Africa became one of China's major policy target areas, where China fully engaged both politically and economically. In comparative perspective, Africa on its part began to be less obsessed with ideology after the collapse of the Cold Period and became more

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practical, trying desperately to achieve social and economic development and eliminate poverty. This resulted in sustained economic growth from the mid-1990s. Since then, the Africa- China relations have evolved into a decisive stage of growth and gained impetus as time went on, with substantial impacts for both sides.

In addition to the favorable situation that has been created in the aftermath of the Cold War, some events in Africa have also served as stimulators of change, which deserve to be mentioned include: emergence of visionary leaders in the continent; the impetus of Africa`s economic reforms; scaling down of conflicts in the continent by the close of 1990s; the rise of China as inspiration for African development, and considering it as an alternative source of investment. As each has been analyzed in the paper, all these have been instrumental in addressing the challenges of development in the continent.

Many think that China`s primary motive in Africa is to get access to Africa`s resources and challenge the global power of the United States of America. Such an argument, however, omits the very essence of other factors. From China`s perspective, Africa is considered to be an important partner for its development and global influence. As has been dealt extensively, China is very cognizant of Africa`s geo-political strategic importance in global power calculation in the context of historical antecedents and political, diplomatic, economic and cultural opportunities available. The historical parameter tells us that Africa has always been featured in grand strategic calculations of great powers, past and present. The desire to access to Africa`s natural resources for its emerging economy; the potential for Africa`s markets and growing economy; the availability of cheap productive force; and importance of African support to the growing China`s influence as a global power could also be added on the list of motivating factors for China`s engagement in Africa.

The period after the mid-1990s has also become very decisive in the further development of Africa-China relationships on the traditional basis of friendship, with emphasis on both economic and political cooperation, which presented new features. As we have exhaustively looked at, first, the high level visits between the two sides have intensified with the objective to strengthen the political and diplomatic relations, and build trust and confidence. Second, the bilateral trade relations developed by leaps and bounds, with total volume of trade reaching about \$170 billion today just in a span of a decade. Third, the form of economic cooperation became diversified. In addition to traditional aid, China began to provide preferential loans of various kinds and actively engaged in contract bidding for infrastructural projects in Africa. At the same time, China`s direct investment as discussed has been increased in various sectors of the economy. Chinese companies have also been encouraged by their government to invest in Africa. In the same spirit, China encourages its banks to facilitate soft loans for investments in Africa. Fourth, African countries became more supportive than before for `One China Policy` as well as China`s stance and national interests with regard to the Taiwan issue. Fifth, Africa and China are working closely at multilateral level, supporting each other`s causes and interests.

Six, Africa and China have shown their determination of advancing their relations through the establishment of the Forum for China- Africa Cooperation (FOCAC) in 2000, a platform for advancement of common development. Since then, FOCAC has become an important instrument for facilitation of the multi-dimensional cooperation between the two sides. It has also become important for the pursuit of networking among the political and business elites. Through the FOCAC platform, which holds every three years at ministerial and other senior official levels, China provides new measures and double its aid to support the African development, which includes, expansion of export trade; cancellation of debts; open Chinese markets for African exports and provision of a zero-tariff treatment; doubling of Chinese grants to finance projects; provision of soft loans to fund infrastructural projects and other investments; encourage its companies to invest in Africa; provision of scholarships to African students; sending of Chinese agricultural and medical experts; and supporting of Africa in peacekeeping missions. The government of China also assists the African Union in capacity and institutional building and peacekeeping areas. Seventh, African countries have become more and more interested and inspired in China`s success in economic development, as the China model is increasingly found to be appealing to many African countries.

Taking Ethiopia as a case study, efforts have been made in this paper to analyze the nature of the Ethiopia-China relations from the framework of factual evidences and the implications on the Ethiopian economic development. As explained, Ethiopia is not known for its extractive resources like oil or any other strategic minerals as the country`s economy is predominantly agricultural. Yet, China views Ethiopia as one of its most important strategic locations. This disproves the claim by some critics that China`s main motive in Africa is driven by the search for natural resources, particularly oil. However, Ethiopia being one of the oldest civilizations and independence has quite a number of strategic factors that can make it unique. Its potentially rich resources; geo-political location at the Horn of Africa close to the Middle East and Europe; its population of over 82 million, making it the second most populous in Africa; its rich water resources for hydro-power and irrigation; its seat as the Headquarters of the African Union and the United Nations Economic Commission for Africa, which makes it as a diplomatic capital of Africa; possessing excellent weather and fertile arable land, and skilled man-power, to mention some, are crucial elements that always make Ethiopia important in the calculation of political and economic considerations.

Despite the fact that Ethiopia is potentially rich, it has remained to be one of the poorest nations in Africa. Until its recent time, the country`s history of old civilization and independence, with its rich and unique diversity of beautiful culture, has been overshadowed by the recycling of drought and famine, and conflicts expounded by bad governances and dictatorship. It is only after 1991, the political and economic landscape of the country has dramatically changed with a change of government bringing new vision and thinking for the transformation of the country. This was the time that the new leadership sought a strategic relation and cooperation with China.

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China has become the right choice at the right time for a country like Ethiopia which has just embarked on a new path of massive economic and social development programs.

The growing Ethiopia-China relation as a case study has been analyzed in the context of the larger China's Africa policy, which saw a new departure after 2000 with the establishment of a policy guideline set under the FOCAC Forum. Ethiopia hosted the second FOCAC Forum in 2003, exemplifying the importance of Ethiopia in the framework of the Africa-China relations. The good political and diplomatic relations between the two have provided a favorable situation for building a strong economic relation as well.

In the economic sphere of relations, Ethiopia presents a good model for successful Africa-China relations. A number of agreements have been signed between the two for economic and technological cooperation. Ethiopia found China as a good source of the badly needed investment capital, and a destination for its export market. The Chinese business approach has been found very appealing to the interest of Ethiopia by comparison to Western aid providers who often come with conditionalities. As provided for the Ethiopian situation, the country has benefited from the Chinese generous grants; loans; debt forgiveness; credit facilities; infrastructural development; zero-tariff treatment for export items; setting up of a special Economic Zones for manufacturing industries, Human resource development and other forms of supports.

Many development experts including officials of the Ethiopian government assert the fact that Ethiopia has benefitted from the Chinese engagement and achieved a high and sustainable growth rate particularly since 2003. As many evidences and concrete outcomes have vividly shown as explained earlier, Chinese contribution in this regard has been very decisive in reshaping Ethiopia's development architecture. In this regard, Ethiopia has many reasons to involve Chinese investment as a strategy to come out of the vicious circle of developmental challenges: to have access to high technology; to increase employment; to broaden the productive basis of the economy; to acquire know-how; and to increase foreign exchange through diversification of export goods. The Ethiopia -China relations with particular focus on infrastructural projects, power supply, manufacturing industry, telecommunication services, and agriculture are exemplary in making a significant contribution to the development of the Ethiopian economy. As much has been said that the African economy has for long suffered from a lack of substantial investment in the vital areas of development. Not only the scarcity of fund that made it difficult but also the absence of focus and strategy how development should be driven was of a crucial challenge. Thus, the Chinese developmental model driven by visionary leadership, with efficient and strong institutions, clear policy guidelines, financial discipline, proper use of human resources, science and technology, strong infrastructure, political stability and security, etc. are something that African states need to learn.

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In final analysis, it is vividly noted from the general perspectives of the Africa-China relations and that of the Ethiopia-China relations in particular as a case study, the motive of China's engagement in Africa is based on partnership, not neocolonial in character as some critics have claimed. Ethiopia has provided a case show that the country which was on the verge of collapse, politically and economically, by the beginning of 1990's, is one of the fastest economies in the world today. In which the Chinese contribution as discussed earlier concretely has been very crucial, and irreversible. To think of China as a neocolonial power cannot be justified in the light of the theoretical framework provided. If one looks up the African Policy of China and the way it behaves in its engagement in Africa, outcomes of the relations are concrete evidence about the truth of China's partnership with Africa. We also note that the international community's concerns about the Chinese presence in Africa ranging from preserving normative cosmopolitan ideals such as the protection of human rights, political freedoms and environment are more driven on ground of fears about possible diminishing Western political and material interests in Africa, not rational justification.

Africa, therefore, the poorest regions in the world, should be allowed to pursue its policy without external interference. As poverty is the prime enemy of humanity, the international community from the general principles of International Law, has the obligation to support the African states in their efforts of fighting poverty.

There is now rather a need to comprehend the Africa-China relations from the context of the new global paradigm. The politics of the Cold War international relation is ended. There is now a multipolar system with multiple actors. There is a need for global cooperation, not domination, in order to harness common interests and tackle common problems, such as issues of peace and security, development, good governance, human security, terrorism, and environmental problems, just to mention some. The Africa-China relation is a reflection of the new global order what all nations should imitate and implement with the objective of making the world a safe and better place for all. It should also be stressed that Africa is rising politically and economically. Considering the extent of its abundant potential, Africa is becoming an important actor on world stage.

RECOMMENDATIONS

As analytically examined the subject of this thesis in the preceding chapters, the relations between Africa and China in general and Ethiopia and China in particular are based on partnership and mutual interests. However, it should as well be noted that China's engagement in Africa has drawn some concerns and criticism particularly in the West and some donor communities. There are also some challenges noted in the process of the economic relations that require the attentions of all involved to make them right so as to ensure the continuity of the relations in broader aspects of interests. In this regard, I am of the view that the following recommendations are of necessity.

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1. China need to enhance bilateral and multilateral cooperation by continuing to use its unique multilateral channels with Africa, as well as continuing to use international mechanisms, such as the United Nations, the IMF and the World Bank in the view to build up a clear understanding on the objectives of China`s Africa policy, and harmonize their development policies towards Africa.
2. China should also enhance its consultations with other donor communities on ways of coordinating joint efforts to support African development, and exchange information and promote full and flexible consultations with them through the multilateral and bilateral channels. Such channels and routes will help to minimize the misunderstandings about the intention of China`s policy in Africa, and help to reduce tensions arising from competition between China and the Western powers, particularly for energy resources in Africa.
3. The traditional donor communities also should clearly acknowledge the reality of the current international order, which requires absolute cooperation among nations. Any part of the world cannot be the happiest region while the other one is suffering. Shared interest and responsibility is essential. Therefore, it is time to engage China as a major player in designing the rules of the global economic governance and to review aid conditions to identify what does and does not work for African development in order to continue to remain influential and credible in Africa.
4. China should also consult with other emerging countries, such as India, Brazil, South Africa, South Korea and Turkey, which also have active involvement and influence in Africa. This is important to build mutual trust among themselves and make their relations with Africa more meaningful in advancing the development agenda of Africa in the spirit of multilateralism.
5. China`s aid program will also require cooperation with other aid donors such that resources are utilized in the most effective way possible and for the maximum benefit of Africa is attained, for instance in fighting AIDS and Malaria control and other diseases (Anshan, Li (2007)).
6. In order to address some of the negative aspects of China`s business and aid practices in Africa, African governments should promote policies and rules of engagement to address issues regarding domestic trade capacity and environmental and labor standards.
7. China also should make a stop and assess and evaluate the outcome of its engagement in Africa. It should not take for granted that businesses are as usual. It should address the concerns of disaffected local communities in Africa complaining about dumping and poor qualities of some Chinese products; non-

- employment of local professionals and workers; poor labor practice; poor conditions of working areas; disregard of environmental responsibility, which could spark ethnic tensions and social unrest, and could damage the reputation of the China-Africa relations, and pose a major challenge to the future of the relations.
8. It is also important that China and African states should enhance their relations within the general guiding principles of good governance and observance of human rights, and social security.
 9. As China's investment today in Africa is predominantly focused in areas of extracting sectors and infrastructural projects, African states and China should also give in their cooperation equal importance to the development of agriculture, education and health services, which are very crucial in improving the living conditions and human resource development of the society.
 10. China should work closely with African states to expand the number of Special Free Economic Zones in the continent with the objective of building light and medium size industries; diversify the economy, create job opportunities; transfer knowledge and know-how to Africa and create opportunities to earn foreign earnings; increase export processing and import substitution; increase local productive capacity.
 11. There is no doubt that China's trade, investment and infrastructure aid are significantly offering abundant opportunities and reshaping Africa's economies to the benefit of local and national consumers and producers despite the experiences of some challenges, but which are not out of control. However, the African leaders must not seat back, but need to develop coherent national policies, and integrated regional and continental strategies through the AU and Regional Economic Communities for engaging with China from a systematic, strong and much more informed long term perspective. Part of this should include an African agenda for closing the technology gap and transforming the asymmetrical pattern of trade between the continent and China; and Africa should also do more in terms of investing in China (Cheru and Obi, 2011).
 12. As the China's African policy so far is focused on bilateral relations with individual country, the African states and China should work out a policy of cooperation between the African Union and China. Though China has a good working relation with the AU in supporting it in the areas of institutional capacity building, and peace and security, there is no policy framework for either side which could guide their relations into a more formidable and fruitful level.
 13. Africa should as well balance its strategic partnership between the West and the

East, with the objective to assert its independent lines of international relations and make the best out of it.

Finally, it, however, is necessary to acknowledge the fact that despite the observation of some problems which need to be looked into in the future, the opportunities far outweigh the challenges. There is no doubt with the view that China presents an enormous economic opportunity for Africa, given its potential large purchasing power, its links to export market, and its commitment to increase investment and trade. It is, therefore, in Africa's interest to seize this opportunity and to ensure that the relationship with China is mutually beneficial.

Personal Perspectives: Local, National and International

The Africa-China relation is an outcome of a new development that emerged following the end of the Cold War. Africa and China are known each other for long in history, even in difficult times. Both sides have never seen each other with suspicious eyes or unfriendly looks. China has always viewed Africa as a friendly continent with friendly people, and share a number of communalities, such as both are belonging to the club of developing nations; victims of colonialism, and marginalization; face similar types of challenges of development- a considerable part of their populations are still living below the poverty level; are susceptible to national security, etc.

It should be clear that the recent surge in the relations between Africa and China is a continuation of the past good friendship. Circumstances concretely prove that there are fundamental factors that have brought Africa and China together on pursuit of common interests and mutual development. It is a reality that China needs the resource rich Africa, potentially big market with big population, to support the development of its economy. China views Africa as an important partner and trustful friend which can back the growing influence of China as a global power. Africa, which has been for long exploited and marginalized and condemned as a hopeless continent, has found China as an alternative source of development and political support to its agenda in bilateral and multilateral channels. China's Africa policy speaks for itself as we have vividly examined that it is driven with the objectives of supporting African development and working along mutual interest.

From this general perspective, it would be essential on my part to reflect briefly on my personal perspective on the analysis of the Chinese contribution to development at local, national and international levels with the objective to show the applicability of the study at all these areas. This is a practical phenomenon of development today that every economic activity in a community, national or international levers is highly integrated in this global order. Not only trade and services, goods, and finances but also ideas are moving fast across borders bearing significant impacts that no one can escape.

Locally, the Ethiopia-China case study is a good example to justify the role of China at local level in Ethiopia. In this regard I will dwell on the City of Addis Ababa, the capital of Ethiopia, and the diplomatic capital of Africa and hub of many regional and international organizations. The City is believed to have about 4 million populations. Addis has recently celebrated its 125 years of birthday. The city has two contrasting features going side by side: old and modern. According to many observers, Addis today is one of the fastest growing modern cities in Africa where the modernization process and rebuilding of the city is overtaking the old. In this effort, the Chinese involvement in changing the face of Addis is one of the best examples in the continent, where they are at every part of investment: from expansion of bustling of local markets with Chinese goods, roads and railways, telecommunication, buildings, bridges, water projects, manufacturing industries, automobile assemblies, health facilities, Chinese cuisines, and other services. Indeed, it should be noted that the Chinese investment activity is not restricted to Addis, but it is almost the same in many parts of the country. Nothing will explain better than the example of Addis about the motive of China in Africa. A city despite its long history of age, until recently has been struggling with multiple challenges of urban development. Many visitors of Addis today wonder how this has been achieved in a span of not more than a decade. We should not, however, forget here that the dramatic change of Addis as a modern metropolitan city is the product of the overall continuous economic development of Ethiopia for the last decade. The Government's, Local and Federal, massive involvement programs in this regard has been very decisive.

At the national level, the reality what saw in Addis Ababa is the same in many parts of the country. The Federal and Regional states give special focuses to development as stipulated by the national development strategy policy, and the Growth and Transformation Plan of Ethiopia. Special focuses have been given to the development infrastructural projects, agricultural and manufacturing industries. Along this direction, the expansion of roads, railways, power supplies, telecommunication services, airports, institutions of technology, and health services, with a special focus to regions which have been neglected in the past. The support of the Chinese government and its companies in such activities are very significant and concrete. Their engagements vary in different levels: direct investments, provision of grants, soft loans and contracting of projects. Ethiopia, which had a very limited number of accessible roads, supply of electric power, clean drinking water and a small coverage of telecommunication services, today is building massive projects in all crucial sectors and is believed to meet the Millennium Goals set for 2015 as one of the few African countries. The nature of the Chinese engagement in Ethiopia is very evident that it is based on friendship and partnership. The claim that Chinese interest in Africa is driven by natural resources is not tenable looking at its role in the non-oil producing country of Ethiopia. It should as well be noted that the Chinese development model and experiences have served as an inspiration to the Ethiopian economic development. In final note, efforts are there to balance the distribution of development in the country, and make sure that the

environmental impacts of developments are considered in all aspects of investment activities.

At the international level, the sustainable development of China is good for the prosperity of the world and stability of the global economic and financial situation. It is a recent fact that China has injected trillions of dollars to support the economies of the European countries from further collapse as a result of the global financial and economic crisis experienced since 2008. With the expansion of its trade, investment and finance, China is no doubt playing a stabilizing force in the global economy. Furthermore, its engagement in the economies of developing countries, including Africa is stimulating growth and development. Despite the current world economic crisis, it is important to recognize that growth in China and India has increased imports and pushed up the demand for copper, oil, and other natural resources, which has led to greater exports and higher prices, including from African countries. Thus, the sustainability of the economic growth of China including India, Russia, Brazil and others is becoming a factor of security not only in these countries but also the world at large.

Finally, the old mentality of the cold war politics should be over as a new global order is prevailing with ample opportunities for building a new international relations based on mutual interests and cooperation. This is the only option that all nations should up hold the goodwill of common goods and purposes. In this perspective, the Africa-China relations of partnership will persist as a model for promotion of mutual development and wellbeing.

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