

## **Ethio-China ties, 45 years and growing ever strong**

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China has become one of the key, if not the most important, development partner of Ethiopia with demonstrable impact on the ground as well as on the day-to-day lives of ordinary citizens. Come November, the relationship will mark its 45<sup>th</sup> anniversary. It was not an idle half-a-century rather one that has seen increasing bonding and understanding between the two sisterly nations.

The partnership took yet another important step with the agreements signed two weeks ago when China was celebrating the 70th anniversary of China's victory over Japan in World War II. The high-level delegation of Ethiopia attending the events conducted a working visit to various locations and signed a billion and half US dollars loan agreement.

The agreement is important not only due to its size but also due to the role it will play in realizing the second Growth and Transformation Plan (GTP II). According to the agreement, the money will be utilized to fund six projects, including road projects, micro and small enterprises development, gas pipeline construction, agriculture programs, the Ethio-Djibouti railway and Ethio-Djibouti power transmission line. Of course, the loan agreements were accompanied by broad-ranging bilateral cooperative agreements in areas such as economy, technology, electricity, finance, energy and aviation.

Indeed, the relationship with China is much more longer, broader and of strategic importance than project financing. Ethiopia and China are natural partners. In the past, both suffered foreign invasion and shared the same feelings towards invaders. Both follow an independent foreign policy and share the belief that development is the top priority for national renaissance. Consequently, both provided mutual support on major issues concerning each other's core interests, and have shared ideas, learnt from each

other's experiences of governance and explored the paths of development suitable for our respective national conditions.

Even broadly speaking, China's rise as a global power had made available to the developing world possibilities for consolidating sovereign choices and independently chosen paths of development. The emergence of China as a real factor in international economic co-operation had been a major asset for Africa. This was very clear in the encouraging developments in Ethiopia itself. Ethiopia had, of course, other partners and continued to attach great importance to such partnerships. Nevertheless, China's role had been so beneficial that it was in Ethiopia's interest to deepen this relationship in every way possible.

Indeed, the relations between Ethiopia and China are as old as human civilization itself. China's first contact with Africa could be traced back to ancient times in spite of the two regions being separated by vast distance.

The first contact between China and Africa was made on the parts of the Red Sea borders of the continent around the first Millennium A.D.<sup>1</sup> Some scholars attribute the early contacts of China with the Horn and especially with Ethiopia to two factors. First, that the Chinese were importing rhinoceros from Abyssinia. Second, that there was a degree of phonetic similarity between the Chinese language Hough Chih and the Ethiopian Geez, which was also the literary language of the land.<sup>2</sup>

It is not precisely known when China and Ethiopia first made direct contact. According to the sinologist A. Hermann, a live rhinoceros that arrived at the court of the Chinese Emperor Ping from the country of the "Agazi" or "Agazin" between AD 1 and 6 came from the Horn of Africa.

Ethiopian expert Richard Pankhurst is certain that by the Tang dynasty (618–907) *"the Chinese were acquainted with at least part of the Horn of Africa and were trading*

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<sup>1</sup> Filessi, Teobaldo, (1972), *China and Africa in the Middle Ages*, London, Frank Cass

<sup>2</sup> Addis Dilnessa (2005) "Relations between Ethiopia and China: An Ethiopian Perspective" in *China Comes to Africa: the Political Economy and Diplomatic History of China's Relation with Africa*. p.241

*indirectly if not directly with the Somali coast."* From that period onwards, China traded with not only Ethiopia and the Horn, but with the peoples of the Eastern African coast, obtaining elephants' tusks, rhinoceros horns, pearls, and the musk of the civet cat, ambergis, and slaves. Starting in the Yuan dynasty the Chinese began to increasingly trade directly with Africans, which is attested not only in contemporary documents, but from archeological finds of Chinese coins and porcelain.<sup>3</sup>

Notwithstanding these early contacts between the two sides, they failed to make much progress in their relations. Especially with the decline of the civilization on both countries and the expansion of colonial forces in the lands between them, both became absorbed with domestic and regional issues.

However, that does not mean the two nations forgot each other. One significant affair worth mentioning is that China was one of only five governments that refused to recognize Italy's occupation of Ethiopia in the middle of the last century. Chinese delegations visited Ethiopia, Sudan and other African countries in 1956 and 1957. The then Chinese premier, Chon En Lai also visited Ethiopia in 1964.

The two countries established diplomatic relations in 1970. Subsequently, the Ethiopian emperor Haile Selassie visited Beijing in 1971, where Mao Zedong received him. Nonetheless, relations were poor during the Haile Selassie era, as Ethiopia was allied with the western powers in the Cold War.

Even though relations improved for a short period after the military junta took power in 1974, but became strained as the military regime was trapped in the China-Soviet conflict. During the period of 1977 - 1982, the relations of the two countries once went deteriorated. It became to be normal after 1983; nonetheless, it did not show much improvement despite the visit by Qian Qichen, China's vice-premier and minister of foreign affairs, to Addis Ababa in 1989 and January 1991.

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<sup>3</sup> Pankhurst, Richard, (1961), *An Introduction to the Economic History of Ethiopia*, Chapter 30: Chinese Trade

The military regime that had a flawed foreign policy stuck in ideological and military interests paid attention to China only after mid-1980s. Ethiopia's foreign minister visited in 1987 followed by President Mengistu's visit in 1989 and 1991. However, the primary reason of pursuing armaments rather than strategic and long-term economic partnerships. Regardless, China had been contributing to the well-being of Ethiopians in a number of projects, including the construction of a diesel power station at Bonga, the Weldiya and Werota road, by sending medical teams and offering scholarships annually beginning in 1988, among others.

The dynamics changed when the Ethiopian People's Revolutionary Democratic Front took power. After May 1991, the foreign policy orientation of Ethiopia shifted dramatically as the gist of Ethiopia's Foreign and National Security has become characterized by the determination to improve citizens' lives by deploying everything for economic development and democratization free from arrogance and adventurism.

The foreign policy direction observed that:

*"Asia could play a very important role in our development. It provides the main example of successful development. In addition it is from Asia that we can get highly trained manpower and technical assistance inexpensively. We also need to take advantage of the remarkably growing Asian economy. This region could provide investment that suits our context and level of development.*

*"Most Asian countries are in the developing world and are our partners in the struggle to mitigate the negative effects of globalization. Taken in sum, they too can make a growing contribution to our development. We believe that our relations with Asian countries merit far greater attention because of the important significance Asia has for our development and also our national security."*

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Even prior to the preparation of the 2002 Foreign Affairs and National Security Policy<sup>4</sup> document, Ethiopia's handling diplomatic relations were deeply rooted in the principles of promoting peace, cooperation, and economic diplomacy. Especially since the reform

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<sup>4</sup> Ethiopia's Foreign Affairs and National Security Policy. 2002. [aigaforum.com/articles/A\\_Critique\\_of\\_Ethiopia\\_NSP.pdf](http://aigaforum.com/articles/A_Critique_of_Ethiopia_NSP.pdf)

of the party in 2001-2, Ethiopia engaged with more clarity of purpose to exploit the opportunities to lift the people out of the quagmire of poverty and bring a permanent end to instability.

Ethiopia employed a careful and creative study of its relations with every country—examining the best forms of integration with the neighbors, and the best forms of development partnership that each developed country had to offer. This has led to a strategic engagement with neighboring countries, with emphasis on the economic and infrastructural integration with all of its neighbors, especially in terms of transport, communications, and energy.

In the early years, the Ethio-Chinese relationship grew modestly.<sup>5</sup> After a few mid-level visits, Ethiopia's chief of the general staff went to Beijing in 1994. Prime Minister Meles Zenawi made his first visit to Beijing in 1995. President Jiang Zemin visited six African countries, including Ethiopia, in 1996. The two countries signed a series of new agreements, including an important one on trade, economic and technical cooperation. Premier Wen Jiabao visited Ethiopia in 1996 and 2003. Meles paid a second visit to Beijing in 2004, when he signed additional cooperation agreements and, in 2006, he co-chaired the Forum on China-Africa Cooperation in Beijing.

Even though China was not a major player in the global economy at the beginning of the last decade, the foresighted foreign policy published in 2002 prescribed that:

*"China is a newcomer to the world of foreign investment, so one cannot speak of results in this area. Neither can we say that we have, in many ways, accessed the Chinese market. We should give special attention to the strengthening of relations with China. We need to fully utilize Chinese development experience as well as training and technical assistance possibilities. We need to secure greater financial assistance if possible and, failing that, to improve the efficiency of what is made available.*

*Recently, China has stepped into the area of foreign investment, and we have to do all we can to take this fresh opportunity to promote investment and trade. This, among other things, will require us to*

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<sup>5</sup> Ethiopia. Chinese Foreign Ministry. 2006.

*cooperate closely with the Chinese government. We need also to make a major effort to work with the Chinese government and companies to secure a market for our products in that country."*

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In the past two decades and half, the relations have steadily improved, with increasing diplomatic contacts and growing trade and Chinese investment in the Ethiopian economy. Agreements between the two countries include the 1996 Agreement for Trade, Economic and Technological Cooperation; the 1998 Investment Protection and Promotion Agreement; the 2002 Agreement for Economic and Technological Cooperation and the May 2009 agreement to eliminate double taxation and others.

The relationship between the two countries have been further strengthened and characterized by close and comprehensive consultation and cooperation for a win-win socio-economic development; not only through strong government-to-government relations but also through party-to-party ties and people-to-people contacts.

Qian Qichen, China's vice-premier and minister of foreign affairs, visited Ethiopia in 1994. Chinese president Jiang Zemin visited in 1996. Simayi Aimaiti, Member of the State Council and Chairman of Democratic League Committee in 1997, Dai Bingguo, Minister of the International Liaison Department of the CPC Central Committee in 2000, Tang Jiaxuan, Foreign Minister in 2002 and Xu Jialu, Vice-chairman of the NPC in 2002, among others.

From Ethiopia side, Seyoum Mesfin, Minister of foreign affairs in 1992, in 2000 for attending the "Beijing Ministerial Meeting 2000 of the Sino-African Cooperation Forum", Prime Minister Meles Zenawi in 1995, Girma Biru, Minister of Trade and Industry in 2002, among others.<sup>6</sup>

Recent exchanges of visits include President Dr. Mulatu Teshome visiting China in July 2014 and Prime Minister Hailemariam Desalegn in June 2013; Deputy Prime Minister Demeke Mekonen in May 2013 and November 2014. China's Prime Minister Li Keqiang

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<sup>6</sup> Ibid.

visited Ethiopia in May 2014; Vice Premier Madam Liu Yandong in November 2013 and Foreign Minister Wang Yi in January 2014.

Certainly, the most important phase in China-Ethiopia relations, second to the opening of diplomatic relations, was in 2003. The establishment of the China-Africa Co-operation Forum (FOCAC) in 2000, and Ethiopia's co-chairmanship of the Forum (2003-2006), gave a substantial impetus to the comprehensive and sound relations and understanding that exist between Ethiopia and China.

The establishment of FOCAC, of course, created an important platform for collective dialogue and the effective mechanism of practical cooperation between African states and China.<sup>7</sup> Ethiopia also benefited from this. It also recognizes the need to continue to strengthen FOCAC, to build on the existing relationship of China-Africa co-operation, to expand and deepen the links. It has already demonstrated its value as an excellent example of south-south co-operation, based as it is on mutual trust and understanding as well as mutual respect and recognition of the sovereignty of both parties.

Between 2003 and 2013, the yearly volume of bilateral trade between Ethiopia and China increased by more than 13 times. China has become the biggest foreign investor and the largest trading partner of Ethiopia. Ethiopia is now one of the main markets in Africa for Chinese products, equipment, technology, and investment. The total trade turnover (expressed in terms of value of the two countries reached nearly US\$ 2.7 billion in 2013 rising from US\$353 million in 2004.

The volume of trade in recent years has increased by an average 16.7% annually, though the balance remains firmly in favor of China at the moment. The main exports of Ethiopia to China are oil seeds, sesame, leather and leather products, natural gums and mining products. Given current trends and fast economic growth of Ethiopia, Ethiopia expects the trade balance to improve in the next few years. .

Since 2006, China, through various mechanisms, has provided a large amount of financial support for the construction of a number of Ethiopia's mega projects. These

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<sup>7</sup> Bilateral: Ethiopia-China (PRC) relation. 2010. mfa.gov.et.

include the first Express Toll Way and the first operative Wind Power Plant, the Addis Ababa Light Track Railway and other modern railways developments as well as the Tirunesh-Beijing Hospital and the Confucius Institute.

During the FOCAC Summit held in Beijing in 2006, the Chinese government also announced the establishment of a China-Africa Development Fund and pledged to commit US\$5 billion to encourage Chinese investors to invest in Africa. The Chinese-Africa Development Bank (CAD Fund) opened its branch office in Ethiopia in 2010. It serves as a bridge between the Chinese companies and African projects and facilitates investment activities launched by the Chinese companies here in Ethiopia. Of course, it reflects the strong alliance between the two sisterly countries and China's interests in a mutually beneficial long-term relationship.

On the international plane, Ethiopia and China work very closely to address global challenges including climate change, food insecurity, poverty and regional conflicts as well as the promotion of China-Africa relations within the framework of the Forum on China-Africa Cooperation (FOCAC), and in safeguarding the interests of developing countries generally.

Within the context of globalization, China unwaveringly pursues its "Chinese Dream" and has been deepening the comprehensive reforms involved in this. Ethiopia similarly is committed to its Ethiopian Renaissance, to fulfill its second Growth and Transformation Plan and achieve its Vision 2025 to become a middle-income country.

China is now the second largest economy in the world; and Ethiopia is emerging as one of the fastest growing economies in Africa and the world. Given the complementary needs, both countries are looking forward to greater opportunities of in-depth cooperation, and we will be expanding bilateral relations in a number of areas.

For China, Ethiopia is a potentially large market and an important investment destination. While Ethiopia now exports few natural resources of strategic interest to China, it is important for other reasons. With a population of about 90 million people, Ethiopia is the



second most populous country in Africa after Nigeria. It serves as the headquarters for the African Union.

China built the new African Union conference center, which came complete with a traditional Chinese-style garden. The New Partnership for Africa's Development, which China supports, has moved to Addis Ababa and the UN Economic Commission for Africa has its headquarters there. Ethiopia has one of the strongest militaries in Africa and serves as a regional center for the Horn of Africa.<sup>8</sup>

For Ethiopia, China is a major source for the transfer of industrial capacity and technology. Ethiopia will not only be able to improve the infrastructure facilities, but we will also work together for regional connectivity, including establishment of transportation networks, electricity and telecommunication links. Thirdly, the two countries will be able to tap into the great potential for cooperation in the fields of agriculture and mining and energy, especially green, clean, sustainable energy, and upgrade our cooperation to a fully-fledged strategic partnership.

Researchers pointed out<sup>9</sup> that China is helping Ethiopia's socio-economic transformation on several sides. First, it is helping build infrastructure. Chinese construction firms dominate the road construction industry. Moreover, Chinese construction companies spearheaded China's engagement with Ethiopia. They are among the primary actors in relations between the two countries and have made a clear contribution to the countries' development.

Chinese companies have also contributed to a reduction of cost. This is especially the case in construction, where Chinese companies charge reportedly 20-25 % less than their competitors. Since pushing out foreign competition in road construction they are operating on healthy profits and have begun to move into other sector of construction, such as government buildings and housing. And the infrastructure

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<sup>8</sup> Ethiopia and China: How Two Former Empires Connected. 2014. Internationalpolicydigest.org

<sup>9</sup> Gedion Gamora, Ethiopia and China Political and Economic Relations: Challenges and prospects after 1991

improvements help Ethiopia to secure other loans and investment opportunities, contributing to an atmosphere of development that may one day change the country.

Second, China is using the UN'S five-point proposal to assist developing countries to accelerate development including 'granting zero-tariff treatments for some exports from the least developed countries, increasing aid to the heavily indebted poor countries and least developed countries and canceling debts contracted by them, providing concessional loans and effective human security agenda such as medicine for treating malaria, and training professionals. Consequently, Ethiopia is one of the beneficiaries as China is helping Ethiopia to reduce poverty and foster development endeavor.

Third, China has emerged as the major donor to Ethiopia. Ethiopia has been granted over US \$500 million in concessional loans by the PRC government and a further US \$1.5 billion on investment in telecoms infrastructure as well as US \$1.5 billion in short-term trade credits.

Fourthly, China regularly reaffirms its commitment to the delivery of bilateral assistance compatible with the means at its disposal. Focused on mutual prosperity China proclaims to have no interest in the domestic affairs of Ethiopia and this can be very attractive. Fifthly, China is a source of investment for Ethiopia. It is in Ethiopia's interest to have diverse investors in Ethiopia in order to avoid having its sovereignty undermined by any kind of economic, political, or military strategic dependence on one power such as the US. Ethiopia has several developmental partners. Nonetheless, China plays an indispensable role. In fact, Chinese cooperation with Ethiopia and the dynamics in Ethiopia-China relationships differ considerably from EU-Ethiopia one's.

Although the size of Chinese economic cooperation varies noticeably across countries, Ethiopia is one of the cases where European donors and China emerge as two key partners for the government. Moreover, China provides the bulk of its support to policy fields where the EU is less active or not engaging at all, for example, in the telecommunication or energy sector. China thereby supports policy fields that have received less attention by European and other traditional donors as they require large-

scale financing or because of diverging priorities between European donors and the Ethiopian government.

As one writer, summed it up: Overall, Chinese engagement strengthens the ability of the Ethiopian government to implement its development strategy and to do this more independently from European and other donors' preferences. A senior official in the Ministry of Foreign Affairs of Ethiopia reportedly said, "China has become "critical" to Ethiopia for economic reasons. Ethiopia understands, however, that China has its own interests in the country and close relations with China will not make relations with the West "redundant."

That is why Prime Minister Hailemariam Desalegn, on his visit to China to attend the 70th anniversary of the Chinese People's victory against Japanese aggression, emphasized the role of increased Chinese investment in the manufacturing sector as well as to enhance the manufacturing sector, infrastructure, and poverty reduction endeavors. He also signed a series of agreements on various aspects of cooperation to help increase Ethiopia's manufacturing capacity, which are priority in the second Growth and Transformation Plan.

Prime Minister Li Keqiang was warm in his response underlining that the China-Ethiopia relations have always been one of the leading relations of China-Africa friendly cooperation. Without a doubt, China is willing to work with Ethiopia to strengthen cooperation in areas such as infrastructure construction, human resource development, construction of industrial parks, integrated development of energy resources from upstream to downstream, investment and financing, boost Ethiopia's industrialization process and independent sustainable development through production capacity cooperation, and build a model of the all-round upgrading of the friendly, mutually beneficial and win-win cooperation between China and Africa.

Indeed, in a recent joint statement, Ethiopian Foreign Minister Tedros Adhanom Ghebreyesus and his Chinese counterpart Wang Yi pledged<sup>10</sup>:

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<sup>10</sup> Ethiopia-China relations: an excellent model for South-South cooperation. 2014. Chinadaily.com.cn

*We will continue to make new contributions to maintaining the peace, stability, and prosperity of Africa and the world, and promote the establishment of a new, more rational, and fairer international political and economic order. We will contribute towards the realization of the goal of a peaceful and prosperous Africa.*

*Ethiopia and China will continue to join hands to bring about an expanded and upgraded model of bilateral relations. We have no doubt, the Ethiopia-China relationship will certainly benefit and provide a brighter future for both our peoples and for us all.*

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