

Striding Towards Better Relations

(Ethio-China Relations)

By Melaku Mulualem

Formal diplomatic relations between Ethiopia and the People's Republic of China (PRC) were established in 1970. From this period to now, three forms of governments have been in power in Ethiopia - monarchical rule, military regime and now the Federal Democratic Republic of Ethiopia. However, the bilateral relationship between Ethiopia and China has become stronger in the present government than ever before.

It is not precisely known when China and Ethiopia first made direct contact in ancient times. According to a veteran historian, Professor Richard Pankhurst, both countries had some sort of relations starting from the Tang dynasty (A.D 618-907.) During this period the Chinese were acquainted with at least part of the Horn of Africa and traded with the peoples of the Eastern African coast, obtaining "elephant tusks, rhinoceros horns, pearls and the musk of the civet cat."

As an independent country, Ethiopia has a long diplomatic history with many countries in the world. In the 1930s both Ethiopia and China were victims of foreign invasions. China was invaded by Japan in 1931, and similarly Ethiopia was invaded by Italy in 1935. However, both countries could not get effective justice from the then League of Nations. The weakness of the League of Nations in addressing the invasions against Ethiopia and China subsequently led to its downfall and the beginning of the Second World War. During the Korean War (1950-53) however, Ethiopia and China were fighting on opposite sides.

While Ethiopia was on the side of South Korea, China was on the side of North Korea. At that time Ethiopia's position in the Korean War was welcomed by the United Nations and Western countries. The 1956 Cultural Delegation of China to Ethiopia was the first delegation in history that served as a gateway to their relations. From 1959 to 1970, Ethiopia had given strong support to China in the legitimate position in the United Nations. In the years between 1963 and 1964, Premier Zhai Enlai of China visited African countries including Ethiopia (January 30 - February 1, 1964.) This official visit was conducted before the two countries had established formal diplomatic relations.

When the formal diplomatic relations were established in 1970 the then leaders were Emperor Haileselassie I of Ethiopia and Chairman Mao Zedong of China. The Ethio-China Economic and Technique Cooperation Framework Agreement was signed in 1971. Ethiopia has an embassy in Beijing and China has an embassy in Addis Ababa. After the establishment of the diplomatic relations there were

exchanges of visits between the leaders and senior officials of the two countries. The recent visit of the Chinese Premier Li Keqiang (May 2014) can be regarded as a case in point.

The establishment of FOCAC in 2000 has strengthened the relationship between China and Ethiopia in the new millennium. Even if this forum (FOCAC) helped China and Africa to deal with as an entity, the implementation of the decision of the forum is being done based on the bilateral relations of China with each African country. This shows that a bilateral relation is still more important than the multilateral relations, which focus on general directions and engagements.

The Second Ministerial Meeting of FOCAC was held in Addis Ababa, Ethiopia in 2003. The Ethiopian government played its part for the success of the forum. Currently Ethiopia and China have put in place the legal framework, which is necessary to further consolidate their friendship and multi-faceted cooperation. There is a Joint Ministerial Commission between Ethiopia and China that serves as a mechanism to enhance cooperation. There are also various cooperation agreements between Ethiopia and China on issues of culture, agriculture, education, health, human resource development and more. Many Ethiopians can also get scholarship for studies in various universities in China.

Trade relations of Ethiopia with other countries vary at different times. For instance in 1987 most of Ethiopia's imports came from Western countries such as Italy, the United States, West Germany, and Japan, in order of importance. They accounted for 45 percent of total imports whereas the Soviet Union accounted for 16 percent of the value of imports in 1987. Even if the bilateral trade between China and Ethiopia was started in 1956 with limited volume, ever since 2006 "China has become Ethiopia's largest trading partner." In addition to an embassy in Beijing, Ethiopia has a Consulate General in Guangzhou, Chongqing and Shanghai that help to facilitate trade and other economic relations between the two countries.

The bilateral trade volume between Ethiopia and China has reached 2.19 billion dollars. In the trade relations between the two countries, the trade balance is in favor of China. To correct the trade imbalance, which is currently in favor of China, the Chinese Government has given market access for products from least developing countries including Ethiopia with zero-tariff treatment. Even if the balance of trade is in favor of China, "whenever Ethiopia sought Chinese aid, loan, investment and arms, the latter has responded positively by providing debt reduction and technical assistance to Ethiopia with no political strings attached."

China is expanding its investment in Ethiopia and Africa at large. Those who support the investment of China in Africa also argue that "... the recent increase in Africa's gross domestic product is because of Chinese investment. The roads,

bridges, and dams built by Chinese firms in Africa are low cost, good quality, and completed in a fraction of the time."

China has become an increasingly influential actor in the post-Cold War era as its economy continues to expand. The rapid growth of the Chinese economy promoted investment to different countries. Chinese investment in Ethiopia is based on China's policy towards Africa and other developing countries at large. Foreign Direct Investment has given a lot of advantages to Ethiopia. These include creating more job opportunities for local people and also promoting the economic development of the country. The Chinese investors are playing a great role in Ethiopia. Sources show that China's direct investment to Ethiopia (2014) had reached about one billion dollars.

The China-African Fund, which was founded following the Beijing Summit of Forum on China-Africa Cooperation (FOCAC,) was established in June 2007 to support Chinese enterprises to invest in Africa. The Fund serves as a bridge between the Chinese companies and African projects. It opened its East African branch in Addis Ababa in 2010 to facilitate the activities of Chinese companies in Ethiopia and Eastern Africa at large. The opening of a branch in Ethiopia reflects the strong level of relations between the two countries as well as the confidence China has in Ethiopia. The Fund has financed projects like glass factories and cement factories in Ethiopia.

Most of the investments and projects of China are being conducted through joint ventures with Ethiopia and different other countries such as Australia, Canada, India, Pakistan, Italy, Saudi Arabia, Sweden, France, Malaysia, the Netherlands, South Africa, Sudan and the U.S.A. However, the largest joint ventures of the Chinese investors are made with Ethiopian investors. Chinese firms are also participating both in rural and urban road construction in Ethiopia. This has been accelerating in the last few years.

In my opinion, the quality of highway constructions by the Chinese gave confidence to the government of Ethiopia in providing more projects to China. China is also supporting Ethiopia in building wind power plants, telecom services and railways. The development of infrastructure helps attract more investors to the country. Chinese investment in Ethiopia is increasing from time to time.

According to one source, "Ethiopia has become the country with the most investment projects, greatest investment volume and fast project implementation among all recipient countries of the China-Africa Development fund." According to another source, China emerged as one of the major foreign aid donors. The PRC offers concessional loans and state-sponsored investments as part of aid packages. There are three types of financial resources provided by China for foreign aid. These are grants, interest free loans and concessional loans and "the

first two come from China's state finance, while concessional loans are provided by the Export-Import Bank of China as designated by the Chinese government."

To further promote trade, investment and people-to-people relations between China, Ethiopia and the rest of Africa, Ethiopian Airlines is playing a prominent role. The airline has been flying between Addis Ababa and Beijing since the early 1970s. Currently the airline flies to China, (18 passenger flights and 3 cargo flights weekly) between various cities of China (Beijing, Guangzhou and Hong Kong,) and Addis Ababa and many other African destinations.

While economic relations between China and African countries are becoming stronger, some scholars from Western countries have started criticizing China for practicing "neo-colonialism" in Africa. How can Ethiopia, which was never colonized during the scramble of Africa, be a victim of "neo-colonialism"? On the contrary, the above accounts of the bilateral relations show that Ethiopia is benefiting from her dealings with China. Particularly, the support of China in the construction of infrastructure has changed Ethiopia tremendously. It has a direct and positive role for the economic development of the country.

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