

Ethiopia and China: Two Former Empires Connect in the 20th Century

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Introduction

Ethiopia was never colonized and along with China has a long imperial history. China's imperial period came to an end with the fall of the Qing dynasty and formation of the Republic of China as a constitutional republic in 1912. The overthrow of Emperor Haile Selassie in 1974 by a left-wing military junta ended Ethiopia's empire. In 1970, four years before the end of Ethiopia's empire, the People's Republic of China established formal diplomatic relations with Haile Selassie's imperial government.

Although China and Ethiopia have imperial backgrounds, they only became well acquainted after both of them became republics. In the early years, this relationship grew modestly and only began to surge in the mid-1990s when the government of Prime Minister Meles Zenawi encouraged closer ties with China to tap into its financial resources and balance close ties with Western countries, particularly the United States. Today, China is arguably Ethiopia's most important bilateral economic partner.

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 provided \$200 million in grant assistance and 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, although landlocked, serves as a regional center for the Horn of Africa.

Ethiopia Eventually Recognizes China

The Republic of China's (ROC) Chiang Kai-shek government publicly supported Emperor Haile Selassie during the 1936-1941 invasion of Ethiopia by fascist Italy. The ROC was one of the few countries that did not recognize the Italian occupation.¹ Although Ethiopia never recognized the ROC, it appreciated this support and was reluctant to recognize the People's Republic of China (PRC) following the 1949 victory on the mainland by Mao Zedong. A close ally of the United States in the years following the end of World War II, Haile Selassie sent troops to Korea in the early 1950s. Ethiopian and American forces fought side-by-side with South Korea against Chinese troops who entered the war on the side of North Korea.²

As Mao Zedong solidified control over China and the importance of the PRC became increasingly apparent, Ethiopia pursued an ambiguous policy on diplomatic recognition. It accepted agricultural assistance from Taiwan while a PRC cultural mission visited in 1956. The PRC and Ethiopia established trade relations the following year. Ethiopia supported Taiwan in the United Nations from 1950 to 1958, abstained in 1959 and supported Beijing thereafter. Ethiopia sent a cultural delegation to the PRC in 1961, signed an agreement to exchange journalists in 1962 and permitted China's official news agency, Xinhua, to open an office in Addis Ababa. Premier Zhou Enlai visited Ethiopia in 1964, when China mistakenly thought Haile Selassie was prepared to recognize the PRC.³

China's support for the Eritrean Liberation Front (ELF), which beginning in the early 1960s agitated for independence from Ethiopia, complicated Beijing's effort to obtain Ethiopian recognition. China provided the Eritrean insurgents covertly with weapons. Ethiopia and China had different policies on a rebel insurgency in neighboring Sudan. Ethiopia supported the southern insurgents while China backed the Arab government in Khartoum, which allowed the ELF to operate from its territory against Ethiopia. Ethiopia also suspected that the PRC backed Somali insurgents in efforts to take control of Somali-inhabited territory in southeastern Ethiopia. When Ethiopia finally recognized the PRC in 1970, it extracted a promise that Beijing would terminate support for the ELF.⁴

Haile Selassie Visits China

In 1971, less than a year after recognizing Beijing, Haile Selassie visited Beijing where he praised both the progress being made in China and Chairman Mao's "outstanding

¹ Richard Greenfield, *Ethiopia: A New Political History*. New York: Frederick A. Praeger, 1965, 249.

² Kimon Skordiles, *Kagnew: The Story of the Ethiopian Fighters in Korea*. Tokyo: Radiopress, 1954, 100-104.

³ Wei Liang-Tsai, *Peking versus Taipei in Africa 1960-1978*. Taipei: The Asia and World Institute, 1982, 229, 387; Alaba Ogunsanwo, *China's Policy in Africa, 1958-1971*. London: Cambridge University Press, 1974, 9, 37, 242; CIA, "Chinese Communist Activities in Africa," declassified study dated 30 April 1965, 14.

⁴ Liang-Tsai, 230-234; Bruce Larkin, *China and Africa 1949-1970*. Berkeley: University of California Press, 1971, 177-178; Eugene K. Lawson, "China's Policy in Ethiopia and Angola," in *Chinese and Soviet Aid to African Nations*, ed. Warren Weinstein and Thomas H. Henriksen. New York: Praeger, 1980, 168-169; Alan Hutchison, *China's African Revolution*. London: Hutchinson of London, 1975, 119-120, 166.

achievements.” They signed trade, economic, and technical cooperation agreements. China granted Ethiopia an interest-free loan of \$84 million and sent several teams to help with Ethiopia’s development.⁵ Mengistu Haile Mariam led a left-wing military coup in 1974 that toppled the Haile Selassie monarchy. This development complicated China’s goal to strengthen relations with Ethiopia because the Soviet Union, seeing an opening after Ethiopian relations worsened with the United States, switched its support from neighboring Somalia to Ethiopia. This occurred at the height of the Sino-Soviet conflict; the Soviets promised the Mengistu regime more than China could offer. China made clear that it was ready to give moral support to Ethiopia’s new revolutionary government, but it was not prepared to compete with the Soviets in providing arms and financing.⁶

Problems Develop during the Sino-Soviet Split

China began to criticize Soviet involvement in Ethiopia while Ethiopia’s new military leaders accused China of cooperating with the reactionary West and Ethiopia’s enemies in Somalia. In 1979, Ethiopia expelled the Xinhua representatives. By 1984, Ethiopia was heavily under Soviet influence and when prompted by Moscow, Mengistu would excoriate China.⁷ Nevertheless, China-Ethiopia economic development cooperation continued. In 1978, China completed construction of a diesel power station at Bonga.⁸ Between 1975 and 1982, it constructed a 185-mile highway between Weldiya and Werota that to this day is known as the China Road.

During the Mengistu government, no senior Ethiopian official visited China until the Sino-Soviet conflict came to an end in the mid-1980s. Ethiopia’s foreign minister visited in 1987 followed by Mengistu in 1989 and 1991. These visits occurred as the Mengistu government was under increasing pressure from Eritrean, Tigrayan, and other opposition groups and reflected the declining power of the Soviets in Ethiopia and the desperation of Mengistu for outside support. There were no senior visitors from China to Ethiopia until the vice premier/foreign minister came in 1989 and again in 1991. Throughout the Mengistu regime, however, China and Ethiopia maintained diplomatic and trade relations. China continued to send medical teams to Ethiopia, a program begun in 1974, and offered ten scholarships annually beginning in 1988. Mengistu fell in 1991, opening the door for a return of more cordial Ethiopia-China relations.⁹

The EPRDF Strengthens Ties with China

⁵ Liang-Tsai, 235-236.

⁶ David A. Korn, *Ethiopia the United States and the Soviet Union*. Carbondale: Southern Illinois University Press, 1986, 18-19.

⁷ Kinfu Abraham, *Ethiopia from Empire to Federation*. Addis Ababa: EIIPD Press, 2001, 408-409; Korn, 100.

⁸ Kim Woodard, *The International Energy Relations of China*. Stanford: Stanford University Press, 1980, 45.

⁹ China Ministry of Foreign Affairs, “Bilateral Relations: Ethiopia,” 12 October 2003; Addis Dilnesa, *China Comes to Africa*. Addis Ababa: EIIPD, 2005, 245.

The coalition that overturned Mengistu, the Ethiopian People's Revolutionary Democratic Front (EPRDF), revived interaction with China soon after it took power. Following 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.

Xinhua signed a news exchange agreement with the Ethiopian News Agency. During the 1998-2000 Eritrean-Ethiopian conflict, China sold Ethiopia (and Eritrea) significant quantities of arms and ammunition. This led to an increase in high level military exchanges on a regular basis.¹⁰ Meles returned to Beijing in 2004, when he signed additional cooperation agreements and, in 2006, he co-chaired the Forum on China-Africa Cooperation in Beijing.

Loans and Government Contracts Highlight China's Engagement

By 2005, China's embassy in Addis Ababa hosted more high-level visits than any Western mission and Chinese companies had become a dominant force building highways and bridges, dams and power stations, cell phone networks, schools, and pharmaceutical factories. Ethiopia's trade minister said that "China has become our most reliable partner."¹¹ China became involved in nearly every aspect of Ethiopia's economy. One agreement in 2006 with three Chinese companies is valued at \$1.5 billion in commercial suppliers' credit at Libor (interbank lending rate) plus 1.5 percent to develop cellular and 3G services across Ethiopia.¹²

Chinese companies built and largely financed the \$365 million dam on the Tekeze River in northern Ethiopia.¹³ The Industrial and Commercial Bank of China is funding the Dongfang Electric Machinery Company to supply electrical equipment and turbines for the Gibe III dam on the Omo River. Environmental groups have expressed concern about potential damage to communities along the river and its impact on Lake Turkana in neighboring Kenya. Another Chinese company with Export Import Bank financing agreed to build a high-tension line for supplying electricity to Addis Ababa. These large loans contain a grant component, although the terms are not always transparent. The grace period for the two hydro projects is three years and the loans mature at the end of ten years. The interest rate is Libor plus 1.8 percent to 2.35 percent. China does not offer grant budgetary assistance to Ethiopia.¹⁴ China also won the

¹⁰ China Ministry of Foreign Affairs, "Bilateral Relations: Ethiopia,"; Ethiopia Ministry of Foreign Affairs, "An Overview of the Bilateral Relations between the Federal Democratic Republic of Ethiopia and the People's Republic of China," September 2006.

¹¹ Karby Leggett, "Staking a Claim: China Flexes Economic Muscle throughout Burgeoning Africa," *Wall Street Journal*, 29 March 2005.

¹² Deborah Bräutigam, "Ethiopia's Partnership with China," *The Guardian*, 30 December 2011.

¹³ Sonal Patel, "Ethiopia Completes Construction of Africa's Tallest Dam," *Power Magazine*, 1 July 2009.

¹⁴ Toh Han Shih, "Ethiopia Dam Blot on China's Record," *South China Morning Post*, 7 June 2010. Jean-Pierre Cabestan, "China and Ethiopia: Authoritarian Affinities and Economic Cooperation," *China Perspectives*, no. 2012/4, 55.

contract for building power transmission lines from the Grand Renaissance Dam on the Blue Nile River.

In 2010, the China Road and Bridge Corporation signed a \$67 million contract to expand the Addis Ababa airport.¹⁵ Chinese companies are building about 70 percent of the roads in Ethiopia, including the highly visible Addis Ababa Ring Road. Chinese soft loans often provide financing for bids below cost and sometimes with no bidding process. Chinese companies have largely displaced those from South Korea and Japan that had previously been important in road construction. Because these projects are seen and used by so many Ethiopians, they tend to create considerable good will.¹⁶

In 2010, China and Ethiopia announced loans to cover the cost of a light rail system in Addis Ababa, the purchase of nine vessels for Ethiopian Shipping Lines, and the construction of 200 buildings for the Ethiopian Housing Corporation.¹⁷ The following year, the China Railway Group and Ethiopian Railway Corporation signed a \$1.1 billion agreement for construction of the first phase of the Ethio-Djibouti railway project. By 2013, loans from China for this project reached about \$3 billion. The two countries also signed a \$100 million loan for the construction of deep water wells and \$300 million memorandum of understanding for support of projects in Ethiopia's master plan. By the end of 2011, China's Export-Import Bank lending to Ethiopia had reached \$1.8 billion.¹⁸ Ethiopia has become one of the largest recipients in Africa for credit lines from the Export-Import Bank.

Foreign Direct Investment

A Chinese investment group is providing \$713 million to construct the first industrial zone in Ethiopia.¹⁹ Still under development, the Eastern Industrial Zone in Dukem anticipates an investment of \$2 billion over the next ten years. China's Huajian Group, which specializes in shoe production, is one of the principal investors.²⁰ China is a major buyer of Ethiopian leather and is looking to expand its investment for the manufacture of shoes and leather goods in

¹⁵ "Chinese Company Signs Agreement to Expand Airport in Ethiopia," *Walta Information*, 15 December 2010.

¹⁶ Author's meeting in Addis Ababa on 5 July 2007 with Zaid Wolde Gebriel, Director General, Ethiopian Roads Authority. Peter H. Gebre, "China in Ethiopia: Just-in-Time," in *China, Africa, and the African Diaspora: Perspectives*, ed. Sharon T. Freeman (Washington: AASBEA, 2009), 169-172.

¹⁷ Tamrat G. Giorgis, "China to Finance \$293.5m of ESL's Nine Vessels," *Fortune*, 16 January 2011.

¹⁸ "Ethiopia, China Sign Ethio-Djibouti Railway Construction Agreement," *Ethiopian News Agency*, 26 October, 2011; "China to Lend Ethiopia \$100 Mln," *Reuters*, 17 November 2011; "China, Ethiopia Sign Loan Agreement," *Xinhua*, 5 December 2011.

¹⁹ Deborah Bräutigam and Tang Xiaoyang, "African Shenzhen: China's Special Economic Zones in Africa," *Journal of Modern African Studies*, vol. 49, no. 2 (2011), 32.

²⁰ William Davison, "Huajian of China's Ethiopian Export Zone May Generate \$4 Billion," *Bloomberg*, 22 March 2012. Li Wenfang, "Putting Best Foot Forward in Africa," *China Daily*, 16 December 2013.

Ethiopia.²¹ President Mulatu Teshome inaugurated in May 2014 a Lifan Motors assembly plant in the economic zone for production of the Dukem 500 automobile.²²

A number of large Chinese companies are engaged in Ethiopia. They include ZTE Telecom, Huawei, China Construction Corporation, China Aviation Technology Exports and Imports Company, China Water Conservancy and Hydropower Engineering Corporation, and Sinohydro. Most of these companies are more interested, however, in winning contracts, which often result from Chinese government loans, than they are in investment.

China's share of foreign direct investment (FDI) in Ethiopia, while still modest, has increased from only 1.5 percent of total FDI in 2000 to 16 percent in 2007. Total Chinese FDI in 2009 was \$74 million and in 2010 \$58.5 million. By 2012, China's cumulative FDI reached more than \$345 million according to its ambassador to Ethiopia.²³ This placed Chinese companies as the third largest foreign investor in Ethiopia after Saudi Arabia and India.²⁴ In 2013, China invested more in Ethiopia than any other country followed by Turkey.²⁵ Cumulative Chinese investment in Ethiopia as of 2013 reportedly reached \$1.1 billion.²⁶

China opened a branch office in Addis Ababa of the China-Africa Development Fund. The two countries have signed agreements on investment promotion and reciprocal protection as well as avoidance of double taxation. Some 316 Chinese investment projects are fully or semi-operational and more than 900 projects are in the pre-implementation phase.²⁷

Chinese Foreign Aid Is Modest but Growing

While the loan component of the relationship and commercial interaction has been intense in recent years, China's foreign aid to Ethiopia has been modest. Compared to other donor countries, it was almost non-existent in 2006, when it constituted about \$1 million or 0.14 percent of Ethiopia's total aid.²⁸ It has increased significantly since then. China provided \$12 million to fund a technical and vocational education and training program that resulted in the assignment of about ninety Chinese teachers throughout Ethiopia as of 2007. The same year, China increased its annual scholarship program for Ethiopians to forty annually. There were

²¹ Mahlet Mesfin, "Gov't Pulls All Stops to Court Chinese Delegates," *Fortune*, 18 September 2011.

²² Advertisement in *Fortune*, 18 May 2014, 38.

²³ Alemayehu Geda, "Scoping Study on the Chinese Relation with Sub-Saharan Africa: The Case of Ethiopia," March 2008, 5-6. "Chinese Investment in Ethiopia Reached Over \$345 Million: Ambassador," *Ethiopia Radio and Television Agency*, 19 January 2012. The World Bank, *Chinese FDI in Ethiopia: A World Bank Survey*, Washington: Africa Region, November 2012, 3.

²⁴ Christine Hackenesch, "Competing for Development? The European Union and China in Ethiopia," Centre for Chinese Studies, Stellenbosch University, November 2011, 20.

²⁵ Author's meeting on 21 May 2014 with Ethiopian President Mulatu Teshome.

²⁶ "A Friend in Need, Indeed," *Ethiopian Business Review*, no. 15 (16 May-15 June 2014), 34.

²⁷ Remarks by Ethiopian Ambassador to China, Seyoum Mesfin, on 27 April 2011 in Shijiazhuang, Hebei.

²⁸ Alemayehu Geda, 11.

twenty-two Chinese vocational education teachers in the country as of the end of 2009.²⁹ In 2011, China provided \$55 million in emergency food aid for Ethiopia and other drought affected countries in the region.³⁰ It also donated a fleet of 90 vehicles to the government.³¹

Ethiopia was the first African country to receive young Chinese volunteers, a program similar to the U.S. Peace Corps. Twelve volunteers arrived in 2005. The following year, China sent fifty volunteers to Ethiopia, the largest group ever sent to a foreign country. China provides training for up to several hundred Ethiopian professionals each year.³² From the beginning of its medical cooperation program and until 2012, China sent sixteen medical teams comprising 255 personnel to Ethiopia. In 2012, China opened a \$13 million hospital at Akaki, located south of Addis Ababa.³³ China also built malaria prevention and agricultural demonstration centers.³⁴

In 2009, the Addis Ababa Confucius Institute (AACI) began teaching Mandarin at the Ethio-China Polytechnic College in cooperation with Tianjin University of Technology and Education. AACI also offers courses on Chinese culture, provides training for Ethiopian diplomats in the Ministry of Foreign Affairs and in 2011 signed agreements with Addis Ababa, Hawassa, and Mekelle universities to establish Chinese language learning centers.³⁵

Ethiopia Has a Significant Trade Deficit with China

In recent years, Ethiopia has consistently experienced a major, albeit declining, trade deficit with China. In 2004, Ethiopia imported \$291 million in goods from China and exported only \$16 million in value to China. Ethiopia imported eighteen times more Chinese goods than it exported. In 2011, according to International Monetary Fund statistics, Ethiopia imported \$987 million in goods from China and exported \$265 million in value to China. In 2011, Ethiopia imported almost three times more Chinese goods than it exported to China. The range during the intervening years was between five and seventeen times more imports from China than exports to China. In 2006, China became Ethiopia's largest trading partner, passing Saudi Arabia, and has maintained that rank ever since.³⁶

Ethiopia's major exports to China are sesame, coffee, cut flowers, textiles, and leather products. Its principal imports from China are transport and electronic equipment, consumer

²⁹ China Ministry of Commerce, "China-Ethiopia Bilateral Relations," 17 April 2011; Chinese embassy website in Addis Ababa, "China, Ethiopia Sign Technical, Vocational Cooperation Accord," 16 April 2007.

³⁰ "Prime Minister Meles on an Official Visit to China," *A Week in the Horn*, 19 August 2011.

³¹ "China to Lend Ethiopia \$100 Mln."

³² August 2008 *Walta Information* interview with China's Ambassador to Ethiopia, Gu Xiaojie, in Addis Ababa.

³³ CCTV, "Ethiopia-China Aid/Hospital," 5 March 2012.

³⁴ Hackenesch, 19.

³⁵ "Confucius Institute Signs Agreement with two Ethiopian Universities to Establish Chinese Language Centers," *Xinhua*, 11 November 2011. "Addis Ababa Confucius Institute," see http://english.hanban.org/confuciusinstitutes/node_10957.htm.

³⁶ International Monetary Fund, *Direction of Trade Statistics Yearbook 2011*, 218; IMF, *Direction of Trade Statistics Yearbook 2012*, 219. Statistics from the National Bank of Ethiopia show a larger trade deficit with China than the IMF numbers. See "A Friend in Need, Indeed," 32.

goods, and chemical products. In order to rectify the trade imbalance, China began in 2005 to accept up to 192 products duty free. In 2007, it expanded the list of duty free imports to 442.³⁷ While the trade gap has narrowed, it continues to be an issue of concern. There have also been occasional trade disputes. In 2012, Huawei Technologies illegally imported \$13 million of telecom equipment in the name of state-owned Ethio Telecom without the knowledge of the Ethiopian company. Ethiopia demanded that Huawei return the equipment to China, which Huawei did in 2014.³⁸

While Ethiopian consumers generally welcome Chinese products, some business persons have raised concerns about the entry of sub-standard merchandise, dumping by Chinese suppliers, unfair competition and displacement of small Ethiopian businesses.³⁹ In one case, ZTE communications equipment sat in a warehouse because no government entity wanted it. The more common reaction, however, is a belief that although Chinese products are not the best they are adequate and much cheaper than their competition.⁴⁰ There have also been issues concerning Chinese labor displacing Ethiopians, resulting in occasional complaints from members of Parliament. The Chinese embassy has acknowledged there are more than 10,000 Chinese working in Ethiopia. Other estimates put the number much higher. After a 2010 wage dispute at a cement factory in Mekelle, China sent home more than 300 Chinese employees.⁴¹

While there are still relatively few Chinese tourists visiting Ethiopia, the air connections reflect the sharp increase in economic interaction. Ethiopian Airlines began flying between Addis Ababa and Beijing in 1973; it was the first African airline that connected China and Africa. Ethiopia now operates direct flights to five cities in China. This includes daily non-stop service to Beijing and Shanghai, ten flights a week to Guangzhou, five flights weekly to Hong Kong, and four to Hangzhou. It has code share agreements with Air China and a joint venture with Hainan Air and the China-Africa Development Fund to build a five-star hotel near the Addis Ababa airport.⁴²

Strong Ethiopia-China Political Ties

Although the strength of the Ethiopia-China relationship is in the economic area, political ties are also flourishing. In 2006, for example, the Ethiopian Parliament passed a resolution in support of China's Anti-Secession Law. In 2007, Ethiopia joined other African countries in

³⁷ Cabestan, 57. Interview with Gu Xiaojie.

³⁸ Yonas Abiye and Wudineh Zenebe, "Imported Telecom Equipment Create Disarray," *The Reporter*, 17 May 2014.

³⁹ Gebre, 176-180. Alemayehu Geda, 10-11 and 13. Cabestan, 61.

⁴⁰ Author's meetings in Addis Ababa on 29 June 2007 with senior government official and another on 5 July 2007 with the managing editor of a leading private newspaper. For a brief case study of ZTE's entry into Ethiopia, see Gebre, 173-175.

⁴¹ Voice of America Horn of Africa service, 16 February 2010. Cabestan, 61.

⁴² "Ethiopian to Launch Daily Non-stop Flights to Beijing," *Ethiopian News Agency*, 22 March 2011; "Ethiopian Airlines, Air China to Build Five-Star Hotel," *Reporter*, 12 March 2011. Forum on China Africa Cooperation, "Ethiopian Airlines Launches Nonstop Flight to Shanghai," 31 March 2014.

preventing a resolution in the UN Human Rights Commission that censored China's human rights practices.⁴³ In 2008, Prime Minister Meles said Tibet is an internal affair and external powers have no right to interfere. He added that "Ethiopia strongly opposes any external force's attempts to destroy China's national unity and create hatred among Chinese nationalities."⁴⁴ China's ambassador to Ethiopia praised Addis Ababa's "strong support" for China's position on Taiwan and Tibet.⁴⁵ For its part, China never criticizes Ethiopia's human rights policies or comments publicly on internal conflicts.

Ethiopia not only has an embassy in Beijing, but it has a consulate general in Guangzhou, Chongqing, and Shanghai. To underscore the importance of its relationship with China, Ethiopia sent its sitting foreign minister and former EPRDF insider, Seyoum Mesfin, at the beginning of 2011 as its ambassador in Beijing. Mulatu Teshome, Ethiopia's president beginning in late 2013 earned his PhD in international law at Peking University in the 1970s and subsequently served as Ethiopia's ambassador to China.⁴⁶ He speaks Mandarin.

The EPRDF has developed close ties with the Chinese Communist Party (CPC). In 2000, Dai Bingguo, then director of the CPC International Liaison Department, visited Ethiopia. In 2002, Kassu Ilala, who became a senior figure in the EPRDF, visited the CPC.⁴⁷ China sent a delegation to the EPRDF's Seventh Organizational Conference in 2008 and the Eighth Congress in 2010. The CPC International Department Vice Minister, Ai Ping, led a goodwill delegation to Ethiopia in 2010 when he signed a memorandum of understanding on Exchange and Cooperation between the CPC and EPRDF.⁴⁸ During a visit to China by an EPRDF delegation, a senior CPC official said that growing ties between the two organizations "have helped form a solid foundation for the development of relations between China and Ethiopia."⁴⁹ There are also close links between Ethiopia's Parliament and the China National People's Congress. The two organizations have established a China-Ethiopia friendship group.⁵⁰

China's deep commitment to Ethiopia has not been free of controversy. Chinese companies have a reputation for taking greater risks and occasionally putting their personnel in jeopardy. In spite of warnings to stay out of the disputed Ogaden region of Ethiopia by the Ogaden National Liberation Front (ONLF), which seeks self-determination for the area, China went in anyway. The Ogaden is rich in gas reserves and may have oil. Zhongyuan Petroleum Exploration Bureau, a subsidiary of Sinopec, operated an exploration base in the Ogaden that was heavily protected by Ethiopian soldiers. In 2007, the ONLF attacked the base, killing nine Chinese employees and sixty-five Ethiopian soldiers. After the attack, the ONLF announced that

⁴³ Hackenesch, 21.

⁴⁴ "Ethiopia Objects to Politicizing Olympics: PM," *Xinhua*, 26 April 2008.

⁴⁵ 19 August 2008 *Walta Information* interview with Gu Xiaojie.

⁴⁶ "Ethiopian President Talks about His Stay in China," *CCTV.com*, 4 May 2014.

⁴⁷ Cabestan, 55.

⁴⁸ China Ministry of Foreign Affairs website, "Bilateral Relations."

⁴⁹ "Senior Communist Party of China Leader Vows to Boost Partnership with Ethiopia," *Xinhua*, 23 February 2011.

⁵⁰ Gu Xiaojie interview.

it would not allow resources from the region to be exploited by the Ethiopian government or “any other firm that enters into an illegal contract.”⁵¹

China subsequently pulled its team out of the Ogaden. In 2011, Hong Kong-based PetroTrans Company announced that it had agreed to invest \$4 billion over twenty-five years to develop oil and gas reserves in the Ogaden and build oil and gas pipelines to Somaliland’s port of Berbera.⁵² Days later the ONLF announced that these deals constitute an act of war against the Ogaden people and vowed to take all necessary measures to prevent their implementation.⁵³ PetroTrans failed to carry out its commitments and Ethiopia’s Ministry of Mines said in 2013 that it had awarded the concessions to another unnamed Chinese company.⁵⁴ There has been no visible movement on this project in the Ogaden.

Premier Li Keqiang’s 2014 Visit to Ethiopia

Chinese Premier Li Keqiang visited Ethiopia in May 2014. On this occasion, senior Chinese officials and company executives signed 16 economic and development agreements with their Ethiopian counterparts. They included a comprehensive framework agreement for the period 2015-2024 and a loan release for the Addis Ababa-Djibouti railway project. China extended the \$1.4 billion loan for the project and agreed to provide financial assistance for the Dire Dawa-Dewalle highway as well as the Welkait sugar development project in Tigray Region.⁵⁵

Ethiopia signed a memorandum of understanding with the China Civil Engineering Construction Corporation, China Railway Engineering Corporation, China Communications Construction Company, and China to Overseas Construction Group Company to develop special economic zones in Kombolcha, Hawassa, Dire Dawa, and Addis Ababa. Following a feasibility study, Ethiopia will sign a contract for construction of the zones. Ethiopia has prepared land for the zones at Kombolcha, Hawassa and Dire Dawa.⁵⁶

During the visit to Ethiopia by Premier Li Keqiang, Prime Minister Hailemariam Desalegn said that the “best days of vibrant partnership with China” lie ahead.⁵⁷ There should be no doubt about the importance of the China-Ethiopia relationship.

Conclusion

⁵¹ Jeffrey Gettleman, “Ethiopian Rebels Kill 70 at Chinese-Run Oil Field,” *New York Times*, 25 April 2007; Tsegaye Tadesse, “Petronas and Sinopec in Ethiopia Exploration Talks,” *Reuters*, 10, December 2007.

⁵² “Ethiopia, Somaliland, China to Sign Agreements on Gas, Oil, Logistic Deals,” Ethiopian Ministry of Foreign Affairs website, 15 August 2011.

⁵³ “Unholy Tri-partite Deal between China, Ethiopia and Hargeisa Administration,” ONLF press release, 24 August 2011; Peter Heinlein, “Ethiopian Forces, Rebels Clash in Ogaden Oil Exploration Region,” *VOA*, 2 September 2011.

⁵⁴ Kaleyesus Bekele, “Gas Fields’ Development Awarded to Chinese Company,” *The Reporter*, 23 November 2013.

⁵⁵ “A Friend in Need, Indeed,” 32.

⁵⁶ Fasika Tadesse, “China Agrees to Construct Flagship Special Economic Zones,” *Fortune*, 11 May 2014.

⁵⁷ Fasika Tadesse, “China-Africa: The Great Renewal,” *Fortune*, 11 May 2014.

China and Ethiopia are strategic partners. China provides technical assistance and jamming equipment to help Ethiopia's Information Security Network block signals from anti-government radio stations and, from time to time, the Amharic-language programs of the Voice of America and Deutsche Welle.⁵⁸ The two countries have established a Joint Ministerial Commission. China supplies artillery, light armored vehicles, and troop transport vehicles to Ethiopia's army. Each year it trains a small number of Ethiopian officers. There are routine high-level exchange military visits. China's embassy in Ethiopia is one of a small number in African capitals that has a resident military attaché.⁵⁹

Prime Minister Meles Zenawi, who died in 2012, commented that "China has been playing an irreplaceable role in our economy. It has unparalleled contribution towards funding infrastructure activities."⁶⁰ In 2010, *The Economist* reported that Hailemariam Desalegn, at the time deputy prime minister and foreign minister, was urging Ethiopia to follow China's model.⁶¹ Following Meles' death, Hailemariam replaced him as prime minister.

A senior official in the Ministry of Foreign Affairs commented that 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."⁶² Then Deputy Prime Minister Hailemariam Desalegn emphasized that China is supporting with substantial loans Ethiopia's growth program. He added that Chinese loans are preferable: "We like the Chinese way of doing things, because they don't say 'do this, don't do that'—there are no preconditions."⁶³

Ethiopia-China relations are strong and likely to get stronger. Increasingly, Ethiopia sees China as an alternative to the West and, especially, Western political conditionality. At the same time, as China's presence and influence grow in Ethiopia it will become subject to many of the same suspicions that countries such as the United States and the former Soviet Union experienced in past decades.

⁵⁸ Michael Malakata, "China Accused of Jamming TV, Websites in Ethiopia," *Computerworld*, 29 June 2011.

⁵⁹ Cabestan, 55.

⁶⁰ 19 February 2011 interview with *Walta Information*.

⁶¹ "Ethiopia and China: Looking East," *The Economist*, 21 October 2010.

⁶² Comment made to author in Addis Ababa on 30 July 2010.

⁶³ 7 November 2010 interview with *Capital* newspaper.