

UNIVERSITY OF CAPE TOWN



**THE ROLE OF CHINA'S 'ONE BELT ONE ROAD INITIATIVE' PROJECT IN
INTERDEPENDENCE RELATIONS BETWEEN CHINA AND AFRICA: THE CASE
OF ETHIOPIA AND SOUTH AFRICA FROM 1994 TO 2019**

By

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**A PhD Dissertation Submitted to the African Studies Department, University of Cape
Town**

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Compulsory Declaration

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Restrictions of the Dissertation

Covid global pandemic forced the closure of educational institutions for most of the 2020-2022 period, including the researcher's university campus. It severely restricted access to the library and other facilities for postgraduate students, intra-country mobility and international travel in and out of South Africa. It restricted the researcher from interviewing Ethiopian and South African officials as intended during this period. The widespread disruption also inhibited the researcher from arranging interviews with government officials and experts via virtual modes, using telephone, Skype, Zoom and Teams, as most remained unavailable because of their governmental commitments. Despite this, as the pandemic slowed with places opening up, the researcher visited Addis Ababa and interviewed some government officials in late 2021 and early 2022. However, the same could not materialise in South Africa. Given these limitations, the researcher has mostly relied upon documents and archives. Additionally, the Chinese authorities refused to give interviews, which could have added Chinese perspectives to this dissertation.

Abstract

China often claims that its presence in Africa is one of solidarity with previous liberation struggles and post-independence countries trying to remove the remnants of colonialism's shackles. Indeed their developmental role, it is claimed, is to achieve this end through a relationship of respect for the sovereignty of states and equality of political relationships and economic development objectives. This study delves into the asymmetrical interdependence relations between China and African countries, particularly Ethiopia and South Africa, within the framework of the "China's One Belt One Road Initiative" (BRI) Project, which claims to enhance connectivity and economic cooperation between Asia, Europe, and Africa. It focuses on the period 1994 to 2019.

The study draws on theories of international relations, interdependence, dependency and soft power to provide valuable insights into China's political and economic relationships with these two African countries. These theories offer a focused perspective, enabling us to explore the political and economic factors that underpin these bilateral relations. China's investments, infrastructure projects, loans, aid, and trade in Africa, especially in Ethiopia and South Africa, remain the key pillars of the asymmetrical nature of interdependence relations. It shows the sensitivity and vulnerability of these respective states and their economies and the trend toward greater dependency of African countries on China.

China's relations with Ethiopia and South Africa have both successes and limitations. Ethiopia is highly dependent on China due to China's significant investments in the manufacturing and infrastructure sectors, which could lead to a debt trap due to a shortage of credit and loan opportunities from the World Bank, IMF, and Europe, as well as a trade deficit. South Africa, on the other hand, is less reliant on China due to its financial strength, but it is dependent on trade with China, which is dominated by exporting raw materials and importing finished goods, as well as China's public debt. Overall, China has strong interests in maintaining good relations with Africa, particularly Ethiopia and South Africa, for access to raw materials and agricultural products, a growing market for Chinese goods, and diplomatic influence and support, so it appears less reliant and more dominant in its mutual relations with these two African countries. In addition, Ethiopia and South Africa's political and economic significance within the broader context of the BRI provides China with an opportunity to deepen its relationships with Africa as a whole.

On the other hand, solidarity and an equal relationship may begin to slip into dependence. Hence, this asymmetrical interdependence relationship may lead to an increasing trend toward dependence relationships due to China's rising economic influence and financial control over Ethiopia and South Africa.

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List of Abbreviations and Acronyms

AACC	Addis Ababa Chamber of Commerce
AIIB	Asian Infrastructure Investment Bank
ASEAN	Association of Southeast Asian Nations
AU	African Union
ANC	African National Congress
BRI	Belt and Road Initiative
BRICS	Brazil, Russia, India, China, South Africa
CADF	China Africa Development Fund
CCCC	China Communications Construction Company
CCP	Chinese Communist Party
CDB	China Development Bank
CGGC	China Gezhouba Group Corporation
CMEC	China National Machinery and Equipment Import and Export Cooperation
CNPC	China National Petroleum Corporation
CNOOC	China National Offshore Oil Corporation
COMESA	Common Market for Eastern and Southern Africa
CRBC	China Road and Bridge Corporation
CSCEC	China State Construction Engineering Corporation
ECOWAS	Economic Community of West African States
EIC	Ethiopian Investment Commission
ENA	Ethiopian News Agency
EPRDF	Ethiopia's People's Revolutionary Democratic Front
FDI	Foreign direct investment
FOCAC	Forum on China–Africa Cooperation
IGAD	Intergovernmental Authority on Development
IMF	International Monetary Fund

NEPAD	New Partnership for Africa's Development
NATO	The North Atlantic Treaty Organization
BRI	Belt and Road Initiative
OECD	Organisation for Economic Co-operation and Development
PAC	Pan-African Congress
PRC	People's Republic of China
ROC	The Republic of China
SACP	South African Communist Party
SACU	Southern African Customs Union
SADC	Southern African Development Community
SCO	Shanghai Cooperation Organisation
SEZs	Special Economic Zones
SINOPEC	China Petroleum & Chemical Corporation
Tanzam	Tanzania-Zambia Railways
UN	United Nations
UNEC	United Nations Economic Commission
WB	World Bank
Wesgro	Tourism, Trade and Investment Promotion Agency for Western Cape
WHO	World Health Organisation
ZTE	Zhongxing Telecommunications Equipment Corporation

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Chapter 1

Introduction

China, the world's second most populous country, has emerged as a major global player with a rapidly growing economy and dominant industrial manufacturing and exportation position. As the second-largest manufacturing power in the world, China's aim to reform the global economic and trading system to promote fairness and equality is paradoxically encouraging asymmetrical interdependence between states in which it is engaged and, possibly, increasing a trend toward dependency relationships with African states.

In recent years, China has developed a relatively new relationship with Africa, the second-largest and second-most-populous continent, which dates back to the struggles for independence from colonial rule even though China has a pre-colonial history of relations with Africa as well (Alden, Alves, 2008: 46). China offered its support to African countries in their fight against Western imperialism, leading to a mutual dependence between the two regions. As China became more assertive with its One Belt One Road Initiative (OBORI), also known as the Belt and Road Initiative (BRI) (hereafter BRI), it began providing political, military, and economic assistance to African nations in exchange for their support against Western powers.

China has demonstrated its commitment to Africa through various infrastructure projects initiated under the BRI. These projects include the construction of approximately 6,000 railways and highways, nearly 20 ports, over 80 large-scale power plants, 100 Sino-African industrial sites (some still under construction), 45 stadiums, around 170 schools, and more than 130 medical facilities. Notable examples of these projects are the African Union Conference Center, Mombasa-Nairobi Railway, Maputo-Katemb Bridge, and Ethiopia (Addis Ababa)-Djibouti Railway (Remarks by H.E. Wang Yi State Councilor and Minister of Foreign Affairs, at the Reception Commemorating the 20th Anniversary of The Forum on China-Africa Cooperation, 12 November 2020)

The extent of China's involvement in Africa can be measured by its substantial investments, which amounted to \$49.1 billion in 2019 compared to \$200 million in 2000. Numerous reports indicate that over 10,000 Chinese companies are actively engaged in Africa. Another significant indicator of their transcontinental relationship is the significant growth in China-Africa trade. The trade volume between China and Africa increased from \$10 billion in 2000 to \$208.7 billion in 2019 (Yi, 2020). In contrast, trade between the United States and Africa declined from \$113.3 billion in 2010 to \$56.9 billion in 2019, with the figure standing at \$38.6 billion in 2000 (the USA Census Bureau, 2019; Pecquet, 2022). However, similar to China's increasing trade with Africa, the United Kingdom's trade with Africa increased from \$33.5 billion in 2000 to \$46 billion (35.2 billion Pounds) in 2019 (World Integrated Trade Solution, 2019; Taylor, 2021). These statistics emphasize the remarkable expansion of China's trade with Africa in comparison to the United States and the United Kingdom. It does not mean that the USA, the UK, Europe, or other emerging economies from Asia or states like Russia or Israel are diminished. Africa is a continent in which global trade is fundamental, but China's involvement is now significant to the extent it shapes both the economies of African States and

their international relations and, for the purposes of this thesis, their interdependence and dependency.

The BRI project is Chinese President Xi Jinping's attempt not only to retrace the historic Silk Route but also to re-state the long historic trade routes forgotten coming out of the colonial and immediate post-colonial period. It is clear that under President Xi Jinping, the new Silk Route/BRI has its genesis in past diplomatic policy but is here seen as both a symbolic and material device to distinguish themselves from the colonial, neo-colonial and unequal exchange practices of 'western' powers to advance their interests as simultaneously equal to those of African states in the post-colonial globalised era. This contention is examined in the thesis. History is not merely a silent witness in the hands of the Chinese but rather an active participant in constructing a new narrative of social, economic, and political relations. Hence, the BRI is an alternative to the existing world economic and financial system that revolves around a Western-centric axis rooted in the colonial era and still influential today.

The initiative is commonly referred to as the "Twenty-First Century Maritime Silk Road" and the "Silk Road Economic Belt." The term "Belt" in BRI represents the "Silk Road Economic Belt" and focuses on the planned roads and railroads in inland Central Asia, following the renowned trade routes of the Western region. On the other hand, the term "road" stands for the "21st Century Maritime Silk Road" and encompasses the route spanning from Southeast Asia to South Asia, the Middle East, and Africa, encompassing the Indo-Pacific region. Essentially, this ambitious strategic economic framework devised by Beijing aims to connect Asia, Africa, and Europe, with China serving as the central driving force.¹

Within this background, even though the Belt and Road Initiative (BRI) was officially announced by Chinese President Xi Jinping in 2013, some scholars have attempted to define the BRI and classify the various stages of its development. For instance, according to Mark, Overland, and Vakulchuk, a BRI project is defined as a project that meets one of the following criteria: (1) has been publicly reported as a BRI project, (2) was launched after the initial announcement of the BRI in Central Asia in 2013, (3) is fully or partly financed by BRI financial institutions, and (4) is implemented either bilaterally or multilaterally (Mark, Overland, Vakulchuk, 2020: 385). Chinese scholars such as Liu, Zhang and Xiong point out that, in general, all projects in BRI countries that are related to China, regardless of whether they are Chinese-financed projects, other types of international cooperation projects or Chinese foreign direct investments (FDI), should be considered BRI projects. However, a narrower definition of BRI projects only includes those that result from cooperation/dialogue between

¹ There is a great deal of study in this field. Ernani Contipelli, Simona Picciau, "China's Global Order: a New Paradigm in South to South Relations", *Croatian International Relations Review*, 21 (73), 89-108. See also: Liu Zuokui, "China-CEEC Cooperation: China's Building of a New Type of International Relations", *Croatian International Relations Review*, 23 (78) 2017, 19-34; Ma Junchi, "The Challenge of Different Perceptions on the Belt and Road Initiative", *Croatian International Relations Review*, 23 (78) 2017, 149-168; Liu Haiquan, "The Security Challenges of the "One Belt, One Road" Initiative and China's Choices"; *Regional Connection under the Belt and Road Initiative The Prospects for Economic and Financial Cooperation*, edited by Fanny M. Cheung and Ying-yi Hong, *Croatian International Relations Review*, 23 (78) 2017, 129-147.

China and BRI countries, as the BRI aims to strengthen inter-governmental cooperation and involves more complex financing structures than traditional FDI projects (Liu, Zhang, Xiong, 2020: 139).

Hairong and Sautman argue that “infrastructure projects, even if started before the BRI era, are BRI projects, and all BRI-era manufacturing projects are BRI-related” (Hairong and Sautman, 2023: 2). On the one hand, Smotrytska's classification divides the BRI's evolution into four stages: Preparation (1990s - 2000s), Conceptualization (2000 - 2012), Implementation (2012 - 2017), and Expansion (2017 - present) (Smotrytska, 2021). Similarly, Constantinescu and Ruta argue that the BRI actually began before 2013, as the proportion of BRI countries in China's exports started to rise in the early 2000s, and there was a growing momentum in China's exports of infrastructure-related goods around 2013. This did not create a significant shift but rather provided a new impetus in 2013 (Constantinescu, Ruta, 2018: 6).

Considering the vastness and lack of clarity regarding the scope of the Belt and Road Initiative (BRI), the thesis focuses on the role of China's Belt and Road Initiative (BRI) in South Africa and Ethiopia from 1994 to 2019 following regime changes in these countries, with Meles Zenawi and Nelson Mandela taking over the governments in Ethiopia and South Africa, respectively, in 1994. Before these changes, relations with China were strained during periods of socialist rule in Ethiopia and apartheid in South Africa but became more favourable after the regime changes. The study excluded the Covid-19 period in 2020 and would be considered a separate period in China-Ethiopia and China-South Africa relations. Hence, in this thesis, China's foreign direct investments and infrastructural projects in Ethiopia and South Africa from 1994 to 2019 have been discussed as BRI projects.

In the African context, China seeks to strengthen its relationships with strategically important countries on the continent, such as South Africa and Ethiopia. China promotes the BRI as a mutually significant initiative rather than one based on dominance, subordination, or dependence, emphasizing that it will bring benefits to all participating countries.

Despite Chinese claims of mutually beneficial relationships, there are concerns about dependency and dominance. In that regard, dependency theory draws from a wide range of literature by scholars from Africa and Latin America. Some of the key contributors to this theory include Amin (1970), Frank (1967), Prebisch (1950), Cardoso (1969), Santos (1970). These scholars have argued that the economic and political structures of the global system have perpetuated inequality and underdevelopment. They have highlighted the role of colonialism, imperialism, and neocolonialism in shaping the continent's economic and political landscape. China's role today will be difficult to categorise as colonial, given its own revolution in 1949 and its support for anti-colonial movements. However, recent dependency theorists (Krapohl and Fink (2009), Kay (2011), Amadi (2012), and Farny (2016) also argue that the global capitalist system, rather than simply former colonial powers, inherently exploits and marginalizes less developed nations, resulting in a cycle of dependency and underdevelopment. Poorer countries are often responsible for providing cheap labour and raw materials to wealthier nations, leading to ongoing exploitation.

In the context of Africa today, African nations frequently export raw materials and agricultural products while importing finished goods, resulting in unequal trade relationships. External debt is also a significant issue in dependency theory, with many African countries borrowing heavily from international financial institutions and developed nations. This has resulted in a cycle of debt dependence, with resources often diverted from domestic development priorities to repay loans. The economic activity of dependent nations is heavily influenced by external factors such as international commodities markets, multinational corporations, foreign aid, and communication networks. Dependency theory in Africa extends beyond economics to include political dimensions, where unequal economic relationships can influence political decision-making. Leaders of dependent nations sometimes align their policies with the interests of external powers. Given the circular arguments that are a problem, Krapohl and Fink (2009), Kay (2011), Amadi (2012), and Farny (2016) also discuss the relevance of dependency theory in understanding global inequalities in the 21st century and analyse a connection between the capitalist system's role and the periphery's underdevelopment. They highlight the idea of new dependency, which suggests that the Global North's economic and technological advancement has created an economic asymmetry that perpetuates underdevelopment in the Global South. They also argue that dependency theory is still applicable in understanding North-South and regional integration processes and their relation to global inequality.

In that regard, the dependency school, directed initially at Western capitalist powers from the late 1950s to the 1980s may now be applied to China. This is because countries in Africa, for example, face issues related to external debt or trade imbalances in their relations with China. Even though China is a self-proclaimed socialist country with unique Chinese characteristics, it still pledges solidarity with former colonial states and would like to follow them politically. However, due to globalisation and the increasing influence of other developing countries like India, Russia, and Türkiye, it is becoming more complicated to view the world as simply the West versus the rest. While the focus of analysis in the 1960s-1980s was from a dependency framework, the multi-polarity of interdependence theory now comes into play, and it is no longer possible to simply be critical of the West. However, while asymmetry is a critical concept, increasing debt, infrastructure development, and political positioning and influence of China (and BRICS) may lead to increasing dependence on them. China provides development assistance, financial aid, infrastructure, state aid, and soft loans, leading to new forms of dependency. The asymmetry tends towards becoming dependent, with China controlling the key economic levers, even though it may not insist on political or other changes like liberalising the economy and promoting greater formal democracy. Later in this chapter, I outline new thinking on the dependency paradigm and try to bring it into a conversation with interdependence theory.

This research employs the interdependence theory as a theoretical framework to critically examine the interdependent relationships between China and Ethiopia, and China and South Africa in their pursuit of interests in diplomatic and international relations. Post-colonial interdependence pertains to the reciprocal interests and influence shared between partnering nations, as emphasized by the interdependence theory formulated by Robert O. Keohane and Joseph S. Nye in the late 1970s. This theory integrates realist and liberal viewpoints to address shifts in global relations within an increasingly interconnected world across various issues.

Mutual dependence or interdependence theory underlines that there must be a certain level of co-operation and trust for each other rather than one-way effect, influence and self-interest. As observed by Rana (2015), comprehending this concept is vital for grasping the dynamics between countries and their collaborative efforts towards shared objectives (Rana, 2015: 290). In addition, the interdependence theory highlights the complexity and multidimensional aspects of international relations. In that regard, the degree of interdependence is associated with asymmetry, which plays a crucial role in shaping interdependent relationships and impacting diplomatic, financial, and economic exchanges. According to Nye, interdependence without asymmetry generates little power. When there is an asymmetry in vulnerability, one party is more dependent on the other. This creates a set of structural conditions that occur when it becomes possible for one party to exert coercion.

Interdependence can be manipulated as a source of power. We argued that coercive power rests in asymmetrical vulnerability. Interdependence without asymmetry generates little power, but when asymmetry exists, interdependence creates weapons that can be used in strategic competition (Nye, 2020: 8).

There is another definition of the degree of interdependence that includes dependence. This definition suggests that interdependence can be measured by the costs of severing a relationship or the benefits of developing it. “The higher the costs to one country, the greater is the degree of dependence of that country”. It also highlights that interdependence is not determined only by the size or power of a country but rather by the benefits it receives from the relationship (Streeten, 2001: 3).

This interdependence relation is built through knowledge exchange, intercultural dialogue, aid, loans, infrastructure investments, transport, and trade. It also shifted the attention to the mutual benefits that states and societies achieve from each other, albeit in a world of difficult political and economic relationships often characterised as benefitting one side more than the other because the mutual benefits are of no significance to the dominant beneficiary.

As a result, dependence theory refers to a situation where a weaker country depends on a stronger one for financial aid or trade. On the other hand, interdependence theory describes that countries are economically connected through trade and the success of one country's economy is linked to others. Dependence theory highlights power imbalances and one-sided reliance, while interdependence theory focuses on mutual dependence and interconnected relationships.

This kind of interdependent cooperative relations appears evident in the BRI project and its role in China's international relations with Ethiopia and South Africa in the short term. While China's engagement with Africa has brought significant benefits (such as providing job opportunities, easing poverty, technological advancement, and higher levels of trade), there are concerns about the possibility that it could use its investments, aid, debt, and trade to exert control over African countries. Although there is currently a perception of mutual benefits, this relationship may evolve into a form of dependency because, over the long term, patterns of asymmetry such as resource disparities, trade imbalances, political influence, military dominance, technological advancements, the innovation gap, media and communication dominance, and cultural hegemony may become more entrenched, solidifying dependency

relations. Hence, African countries may seek to reduce their dependence on China and pursue a more autonomous position. This could involve seeking greater concessions and a more equitable relationship with China and other international partners.

The perspective of interdependence theory raises questions and problems that did not exist before globalization from the mid to late 1980s onwards were partially hidden from view in the period 1994 and 2019: Why do these relationships between actors of asymmetrically different power have more mutual benefits in the short term, but have the potential to turn into a dependency relationship in the long term? What are the positive and negative aspects of asymmetrical interdependence relations between China and Ethiopia and China and South Africa within the scope of the BRI project? Why were Ethiopia and South Africa significant for China to play a role in the BRI project? How did China's investments, infrastructure, aid and loans in the economies of Ethiopia and South Africa affect the BRI project? What were the benefits? Were there mutual benefits, or did one country progress at the expense of another from 1994 to 2019? Did Ethiopia and South Africa see China as committed to their national development goals, or did this relationship create conditions for new forms of dependency? How did BRICS countries see the BRI project, and did this bring about any changes in their policies towards Africa and China? What, if any, did these changes mean for Ethiopia and South Africa?

The thesis employs the interdependence theory framework to analyse the relationships between China, Ethiopia and South Africa. It also is cognisant of the possibility of becoming overwhelmed by China's recent history of solidarity and generosity that it slips into a dependent relationship socially, politically and economically. This thesis deals with Ethiopia and South Africa and examines their needs, making them interdependent on China's BRI project, and critically examines the possible direction for the future. It firstly reviews why China prioritised Ethiopia and South Africa in its BRI policy for Africa, followed by how Beijing's infrastructural support, development aid, loans, trade, and investment in these countries resulting in entrenching the asymmetrical interdependence relations that are at risk of evolving into a form of dependency.

1.1.Problem Statement

China's engagement with Africa has been as significant as it is controversial and has paradoxical effects on African states because China's aid, loans, infrastructure, investments, and trade imbalances lead to asymmetrical interdependence relations, potentially turning these countries into powerful economies regionally, on the continent and internationally, but may also trend toward dependency relations. China's engagement with Ethiopia and South Africa, and by implication with Africa as a whole, gives it powerful incentives to control vital economic levers, even though in its diplomacy, it may not radically push for political changes towards its vision of itself, or for greater open democracy.

Concerning China's engagement with Africa as it appears in the literature, one perspective asserts that China's large-scale investments in the continent in the 2000s are driven by its long-term goals of shaping Africa's social and economic development to its advantage, linking trade with politics. Having the African countries in its sphere of influence as its allies aside, the

socio-economic benefits for the regional countries appear prominent as the developmental benefits percolate down, as in the case of South Africa and Ethiopia. Given these divergences, the political parties, elites and scholars in Ethiopia and South Africa have voiced diagonally opposite perspectives on foreign direct investment, development aid, loans and infrastructure projects, which are driven largely by China's political and economic imperatives such as duty-free, debt relief, interest-free loans, and grants. These views on China's political and economic role in Africa can be broadly divided into two lines of thought. Scholars like Rocha (2007), Lemos and Riberio (2007), Yejoo Kim (2013), Dijk (2009) and Antwi-Boateng (2017) perceive China as a new colonial power in Africa whose engagements in the garb of infrastructural development, bilateral trade agreements and investments are detrimental to the sovereignty of regional countries using terms such as 'neo-colonialism' to describe China's bilateral engagements with African countries. 'Neo-colonialism' draws from well-founded literature by African leaders and scholars such as Nkrumah (1965), Cabral (1979), and Rodney (1972).

On the other hand, academicians like Brautigam and Tang (2011), Obiorah (2007), Thakur (2009), Chakrabarty (2016), Cabestan (2012), and Tulga (2018) identify China as a benevolent and supportive developing nation which is assisting its fellow developing nations and an alternative power to the historical hegemony of the West. In addition, Deych (2019), Abegunrin and Manyeruke (2020), Wagdy el-Shafei and Metawe (2021), Obobisa, Chen, Ayamba and Mensah (2021), Obeng-Odoom (2022), Ofosu and Sarpong (2022), Matanji (2022), An and Feng (2022) and Mlambo (2022) discuss Sino-Africa economic relations and Beijing's image. These views are based on long-standing diplomatic and political ties between China and Africa that go back to 1949 and the Bandung Conference and Chinese investments and aid in Africa significantly impacted the continent's technology transfer and infrastructure development, bridging the gap that has hindered Africa's growth for so long, that result in an improvement of China's image in Africa.

In addition, a considerable number of researchers have delved into China's political, economic, and agricultural relations with Ethiopia and South Africa, as well as China's FDI. Some of these researchers include Brautigam and Tang (2012), Yejoo Kim (2013), Hackenesch (2013), Cabestan (2012), Yong (2012), Shelton (2012), Alden and Wu (2021), Wolf and Cheng (2018), Ziso (2020), Xiaoyang (2019), Hairong and Sautman (2023), Tarossy (2020), Maphaka and Shai (2021), Maphaka (2023), Bodomo (2009), Shabo and Mtapuri (2021), Akinola and Tella (2022), Mnyandu (2021), April and Shelton (2014).

The starting point of this study is the argument that China has adopted the policy of emerging as a superpower by pursuing mutually benevolent interdependent relations with African countries. It has successfully convinced many African countries, particularly Ethiopia and South Africa, to participate in its ambitious Belt and Road Initiative (BRI) and assume key economic and political roles in the African component of the project. Simultaneously, China's history of providing generous assistance to Africa and other developing nations, dating back to the post-1949 liberation period, suggests a desire to avoid diplomatic and political exchanges that resemble neo-colonialism and build a different world order based on respect for international law and equality in a new period of industrialization. Nevertheless, the evidence

presented in this thesis, with an analytical focus on asymmetrical interdependence, suggests the contrary. Instead, it is an increasing and long dependency that mitigates the arguments about respect for international law and equality.

Amidst these debates about Africa-China relations and how Beijing approached and conducted its relations with the regional countries and their governments, this thesis argues that China-Ethiopia and China-South Africa relations were not simply a one-way new colonial relationship in 25 years. The relationship of Ethiopia and South Africa with China is that of asymmetrical interdependence that is challenging with different levels of greater or lesser interdependence. In this context, South Africa and Ethiopia have different economic structures, and their degree of interdependence with China may vary in terms of sensitivity and vulnerability. It is important to recognize that while Chinese infrastructure projects, investments, aid, loans, and trade opportunities have provided benefits for African countries like Ethiopia and South Africa, there is also a risk of increasing dependence on China despite the degree of prosperity of Ethiopia and South Africa. On the one hand, by investing in countries like South Africa and Ethiopia, China's access to natural resources, cheap labour, and agricultural products from these countries, as well as its investments in land, also serve to meet the demands of its own interest and complete its Belt and Road Initiative.

The thesis aims to provide a different perspective on the relationship between China and Africa by examining the cases of South Africa and Ethiopia. It has two main contributions to the literature concerning China and Africa relations in the context of the BRI. Firstly, as a case study, it compares China's investments, infrastructure projects, aid, loans and trade in Ethiopia and South Africa, countries with significant differences in their financial systems, market economies, foreign capital, stock exchange, developed infrastructure, and raw materials. Secondly, it addresses the potential risk of an asymmetrical interdependence relationship evolving into a dependent relationship due to China's growing economic influence and financial control over Ethiopia and South Africa.

In addition, the analyses of the potential risks and benefits of interdependence for all parties present an alternative viewpoint. This approach stands out from existing studies in the literature and challenges the common belief that China's involvement in Africa only benefits China or is mutually beneficial. This asymmetrical interdependence could positively and negatively impact China-Africa relations, particularly in Ethiopia and South Africa.

1.2.Aim and Research Objectives

1.2.1. General Objective of the Study

- The general objective is to critically examine the success and limitations of the asymmetrical interdependence of China and Ethiopia and China and South Africa between 1994 and 2019 of the Belt and Road Initiative project.

1.2.2. Specific Objectives of the Study

The research specifically attempts:

- To analyse the intentions of the BRI project in Ethiopia and South Africa.

- To examine the political and economic importance of Ethiopia and South Africa for China in terms of the BRI project.
- To critically evaluate the effect of China's investments, infrastructure projects, aid and loans on the economies of Ethiopia and South Africa, particularly within the New Maritime Silk Road² scope of the BRI.
- To analyse Ethiopia and South Africa's responses

1.2.3. Research Questions

Main Question:

- Why do these relationships between states of asymmetrically different powers have mutual benefits in the short term but have the potential to turn into a dependency relationship in the long term?

Sub-Questions:

- What are the positive and negative aspects of the asymmetrical interdependence relations between China and Ethiopia and China and South Africa within the scope of the BRI project?
- Why were Ethiopia and South Africa significant for China to play a role in the BRI project?
- How did China's investments, infrastructure projects, aid and loans in the economies of Ethiopia and South Africa affect the BRI project? What were the benefits? Did one country progress at the expense of another from 1994 to 2019?
- Did Ethiopia and South Africa see China as committed to their national development goals, or did this relationship create conditions for new forms of dependency?
- How did BRICS countries see the BRI project, and did this bring about any changes in their policies towards Africa and China? What, if any, did these changes mean for Ethiopia and South Africa?

1.2.4. Significance and Value of the Study

China's external engagements through its large-scale infrastructural projects, notably on the African continent, have drawn worldwide attention from the USA, Russia, and EU countries. The major focus of this developmental diplomacy of China has been on investing in the infrastructure sector, such as building roads, bridges, hydroelectric power plants, and rebuilding harbours, apart from other sectors of the economy and society like health, mining and manufacturing. This profoundly significant involvement strengthened China's relations with

² The 21st Century Maritime Silk Road is a strategic plan that fosters a friendly environment for cooperation with other nations. It aims to link China with Europe, the Middle East, Africa, South Asia, and Southeast Asia via the Mediterranean, Indian Ocean, and South China Sea by connecting existing ports. This ambitious initiative has great potential to promote trade and cultural exchange among participating countries, encompassing six island nations and 40 coastal countries, each with unique maritime and transportation options. In the upcoming chapter, there will be a detailed explanation of the 21st Century Maritime Silk Road.

the region by becoming a major source of development aid and finance to African countries and expanding its sphere of influence away from Southeast Asia. China's cause is aided by its propagation as a fellow developing country rather than a colonial or neo-colonial power that its detractors label it. Whereas China's economic role and political position in Africa have invited significant scholarly attention, the mutual interdependence of African countries and China, particularly Ethiopia and South Africa, appears to have escaped the research lens.

This thesis attempts to assess the role of the "One Belt One Road Initiative" in the relations between China and Ethiopia and China and South Africa between 1994 and 2019 as it transformed the character of these engagements into one that attempts to transform normally arduous diplomatic, economic and political relationships into one of the asymmetrical interdependence. While asymmetrical interdependence can be of mutual benefit, there is evidence of a trend toward dependency relations in the long term in the stated interdependent relations of the countries discussed in this thesis. Additionally, an attempt is undertaken to examine how this transcontinental BRI project impacted two of the most significant African countries, Ethiopia and South Africa, in their strategic, political and economic terms by undertaking an analysis of a large repository of primary and secondary sources such as policy documents, statistic reports, trade figures, journals and newspapers reports as archival documents. The rationale and value of these mainly documentary sources will be discussed and evaluated in the following chapter.

1.2.5. Rationale

China is a significant geoeconomic player at the international level and is often labelled, since the mid-1990s as the industrial manufacturing centre of the world. At the same time, with Africa emerging as an important territory to expand its international influence, Ethiopia and South Africa assumed significance with their current political and economic power and future potential. For the Asian power with the world's second-largest population and the fastest growing economy, next only to the United States, the hunger for the resources for its manufacturing sector and market for finished goods dictates the exploration and consolidation of new resource bases and markets.

In this context, the developmental deficit but resource-rich African countries appear as natural allies as these countries seek investments, aid and loans to lay down necessary socio-economic infrastructure for their citizenry. Here, the 2013 launched "One Belt One Road Initiative" Project assumes significance, as it aimed to create the socio-economic infrastructure along its proposed route by envisioning the prosperity of its participant countries as its central principle rather than any monopolistic trade aspects. Importantly, China insisted on maintaining a critical distance from the political affairs of other countries as it asserted that the project aimed to unleash economic prosperity. Unlike the Europeans and the Americans, who saw the African continent through the lens of dominance and subordination, China convinced many African leaders by offering generous aid, loans and investments to address their developmental requirements. For example, in 2008, the president of Senegal, Abdoulaye Wade, stated that

“I have found that a contract that would take five years to discuss, negotiate and sign with the World Bank takes three months I achieved more in my one-hour meeting with President Hu Jintao in an executive suite at my hotel in Berlin during the recent G8 meeting in Heiligendamm.” (Abdoulaye Wade, 2008: 1).

China helped these countries create a socio-economic infrastructure by developing ports, building roads, laying rail networks, constructing dams for hydroelectric power generation, and helping increase agricultural food production. Beijing has, in return, sought access to the resources and demanded their support in realising its transcontinental project as it strives to recreate its historical and symbolic Silk Route from China to Europe through the Red Sea and allocate itself a central role in its envisioned new order. It is here that countries like Ethiopia and South Africa assume significance, given their political ideologies, which have been deemed sympathetic and favouring China's visions and ready to address their development deficit by securing themselves significant roles in the mega project and resultant economic dividends, something of an interdependency character.

Interdependence refers to mutual dependence where both parties benefit equally from their relationship. In the context of Africa-China relations, the term "mutual" is often used to describe the economic cooperation and diplomatic ties between the two entities. For example, as a significant partner for African countries, China's investments in infrastructure projects, such as roads, railways, and ports, contribute to Africa's development. In addition, there is a growing trade relationship between Africa and China. China's demand for natural resources from Africa, such as oil, minerals, and agricultural products, has led to increased exports from African countries. However, in reality, while there are elements of mutual benefit, there are also concerns about imbalances, particularly in economic terms, such as resource dependence and debt issues. The concept of asymmetry in a relationship explains the situation. The asymmetry often leads to the greater dependency of one actor on the other for trade, investment, or financial support. Hence, interdependency can be asymmetrical when actors do not benefit equally. Ultimately, this asymmetrical interdependence can evolve into dependency when one entity in the relationship becomes increasingly reliant on the other and continues, for example, to export raw materials and agricultural products while importing finished goods. Under such circumstances, there may be beneficiation of raw materials that develop into industrial and manufacturing capacity with or without state assistance in the form of subsidies, infrastructure support, tax breaks, waivers of import or export duties etc. Several factors contribute to this transition, such as power imbalances, economic imbalances, trade deficits, debt, and limited options or alternatives for the weaker actor. The power dynamics in such circumstances may become skewed in favour of the stronger party.

In the following section, the researcher will examine the literature that analyses the benefits and limitations of China's interdependent relations with Africa, specifically Ethiopia and South Africa, and analyse how some of this literature points to asymmetrical interdependence possibly trending toward dependency.

1.3.Literature Review

1.3.1. Relations between China and Africa: A General Literature Review

A significant body of scholarship examines China's engagements with African countries. Lemos and Riberio (2007) document the importance of Africa for China in terms of natural resources and the attitudes of the African governments towards Beijing. The work highlights how China emerged as the top destination for African resources like tropical woods, crude oil, nickel, zinc and copper, among other things, eventually increasing the stakes of the African countries in Beijing's economic rise. They also argue that China adopts a non-interference policy in their engagements with partner countries. These relations often coalesce into supporting and sustaining the strongmen polity of many African leaders. China's non-interference policy on political matters also allows African leaders to centralise their influence, hinder any productive growth and, importantly, evade internal and external pressures to reform public institutions in terms of protection of human rights and curbing corruption, among others. Tulga (2018), on the other hand, contested the above narrative and argued that there is a lack of any substantial evidence supporting assertions of China's exclusive interests in African natural resources given its history of supporting underprivileged countries with unconditional aid, unlike institutions like the World Bank and the IMF. Tulga even argues that African people viewed China and its policy towards African countries positively. Obiorah (2007) argues similarly in his work and contends that the African leaders appreciate China for its 'no-strings' trade and aid policy, with its offerings perceived as an alternative economic and political model to the Global North. He even claims that African intellectuals, who believe that the current global climate might signal a shift towards a more multi-polar world, viewed China's global rise as necessary for transforming the largely unipolar world into a multi-polar one with a role for developing countries. Chingono (2018) credits China as a significant and non-imperialist partner for Africa by basing her arguments on Africa's colonial past and lack of technological progress in comparison to the Global North. She further argued that these countries, with their agrarian economy, possessed great potential to transform into middle or high-income urban countries from their low-income status, which acts as a point of commonality between the two.

Carrozza (2018) also views China's engagements with Africa favourably and credits it for contributing to the stability and development of the regional countries. Aside from the contribution of economic incentives, loans, and infrastructural investments, it also credits China's soft power instruments, such as establishing Confucius Institutes in various countries, as instrumental in encouraging dialogue with the African countries and uniting them against European hegemony. Paruk (2014) also examines the soft power of China in Africa. According to Paruk, while aid, foreign direct investments and trade contributed to its soft economic power, peacekeeping and military operations in Africa, participation in the Forum on China-Africa cooperation, intelligence use and embassies, party-to-party relations and high-level visits added to its political soft power. Hence, for Paruk, as much as China contributed to the region's economic development, Africa was indispensable to the rise and cementing of China's status internationally.

Regarding China's foreign direct investment strategy, Wu and Chen (2001) examine how it played an important role in transforming the character of its economy into a transnational one.

They argue that the foreign investments controlled by China's state-owned companies were substantial to the country's economic development trajectory and helped strengthen its political and economic impact. The 2007 study by Rocha also shows that Beijing's entrenchments in Africa were fuelled by its requirements to have a stable resource supply chain to address the domestic raw materials shortfall of its manufacturing sector as well as the market for its finished goods to ensure the country's economic trajectory was on course. At the same time, Rocha has argued that China's rise in Africa could prove to be counterproductive to the goals of the New Partnership for Africa's Development (NEPAD) and the AU under its African development agenda like the rule of law, good governance, democracy, fairness and respect for human rights. Instead, he advocates an independent African-centric developmental approach to exploit their resources locally and reduce reliance on countries like China.

While holding some kernels of truth in these sharply contrasting views, they fail to appreciate that for both African states and China, the mutuality of their dependence and the unequal power they hold drives the relationship. It is the very asymmetry of their relationship that requires further investigation. The issue is what kind of interdependence or dependence emerges from it, rather than either it is like colonial dependency (or neo-colonialism), or it is China that is acting with the noblest of intentions.

As stated above, China's interest and foreign investment in Africa plays a significant role in the continent's development and bilateral relations to achieve mutually envisioned stable national economies in a globalised world. In this context, I will focus on China's policies in Africa and its Belt and Road Initiative (BRI) project on the continent, notably to foreground the impact of these bilateral relations on Ethiopia and South Africa.

1.3.2. China's African Foreign Policy and the BRI Project in Africa

China's foreign policy towards Africa has attracted significant scholarly attention. Larkin (1973), in his analysis of PRC's African policy from its establishment in 1949 to 1970, provides an exhaustive historical account of their engagements, particularly examining the role of aid and foreign credits. Given that China emerged as a communist state, Larkin argues that Beijing provided aid and low-interest or interest-free loans to the African countries that harboured socialist tendencies and were going through the decolonisation phase. Despite a contrasting position by many African countries, influenced by the Soviet criticism of Beijing, against the manner China undertook its unification during the Cultural Revolution, this work argues that the communist party leadership of China continued its efforts to earn African goodwill through aid and investments and, importantly, by offering diplomatic recognition as these countries emerged from the colonialism. Among the countries which invited major attention from Beijing during this phase (1949-1980) included Algeria, Congo, Ghana, Tanzania and Kenya, providing these with credit facilities and helping establish basic infrastructure like railways. This work provides a template for understanding the PRC's aid and loan diplomacy toward Africa and African perspectives on China from 1994 to 2019, which this work examines.

Similarly, Strauss (2009) also considers China's role during the anticolonial movements of the African countries from the 1950s to 1970s and subsequent economic support. While providing additional insights into China's public image in Africa by specifically analysing the events

around Zhou's 1965 visit to Tanzania, Strauss further highlights the shift in Beijing's approach after the 1980s to trade and investments rather than aid becoming a major component of its policy towards Africa. This was important from the African perspective, argues Owusu-Sekyere (2018), given the region had failed to improve its basic infrastructure because of structural barriers to attracting investments into Africa even though African countries did build the railways of Zambia, Zimbabwe and Angola in the 1960s and 1970s, however deficient it was to meet the needs at the time. This infrastructural deficit impacted inter-African trade, local economies, and the continent's ability to integrate with the global economy, and its poverty alleviation plans of the 1980s and 1990s.

Chen's (1979) study points out how China adopted different approaches and models in its international engagements for the 'three worlds', as "competitive-conflicting-cooperative" for the First World, "competitive-cooperative" for the Second World, and "more cooperative", meaning state-led economy and society as a cooperative venture, than competitive or conflicting" for the third world countries, or developing world as it is now more commonly referred to.³ This study also analysed both the variations in this policy but also its effect on the perception of China by these states. For instance, Chen asserted that Beijing was perceived as an "advocate" of the Third World.

A possible way to account for China's advocacy role in the then 'third world' is to locate it in the strong policymaking of the 1970s. In that regard, Sladen (2004), in her master's thesis, analyses different factors affecting China's foreign policymaking from 1979 to 2004, including economic interests, internal and external security and other domestic considerations, in the broader framework of realism and interdependence theories. Sladen characterizes China's efforts to transition from a developing country to a major global power as a manifestation of realism. China aimed to enhance its state power and expand its economic and political influence on both regional and international levels. However, when examining the applicability of complex interdependence theory to China's foreign policy, she argued that the theory only considered peaceful relations based on safeguarding financial interests, regional security, promoting economic liberalization, and fostering domestic production.

The concept of interdependence is more about mutual reliance and cooperation despite differences in social, political and economic resources. It posits the possibility that there is no

³ The use of the term "Third World" is outdated and no longer commonly used in contemporary discourse. It was a concept that emerged in the 1950s and 1960s to describe countries that were not aligned with either the capitalist first world or the socialist second world. In the 1980s and 1990s, this concept was replaced with the terms "developing world" or "underdeveloped world," which were more neutral and less politically charged. Additionally, the concept of "global" emerged during this time as a way to describe the interconnected and interdependent nature of world development. Each of these concepts has its own nuances and meanings, and it is important to use them accurately and appropriately in contemporary discourse. According to Susan Mayhew:

the "third world" was originally, a synonym for those nations that aligned themselves with neither the West nor with the Soviet bloc during the Cold War. Today, the term is used to denote nations with the smallest UN Human Development Indices (HDI). There is no objective definition of Third World or 'Third World country', and these countries are also referred to as 'the South', developing countries, and least developed countries (Oxford Dictionary of Geography, 2015).

China, Ethiopia and South Africa are not third world countries, but have always been part of several global economies for over 1500 or more years, to a greater or less extent, so the 'third world' concept, as if these countries are recent modern imperfect countries (i.e. they are not first or second world), just does not make sense today.

fundamental disagreement or conflict of interest. However, it does require finding ways to overcome differences and ensure continued interdependent relationships. In contrast, in realist theory, the primary concern is self-interest, which means that relationships may be terminated if they are no longer in one's immediate self-interest. Interdependence, on the other hand, emphasizes the importance of recognizing and pursuing multiple overlapping, sometimes conflicting or discordant interests that come from different sectors of the economy and society (Keohane, Nye, 2012: 283). In this sense, interdependence is a complex phenomenon to be studied and understood.

Alden and Hughes (2009) focus on the implications of discord and harmony in China's African policy. They flagged that China's outreach to the African public remained ineffective as it mainly engaged with governments and not non-governmental organizations, opposition movements and civil society. Alden and Hughes further highlight that since Beijing's policy approach was harmonious and based on mutual benefit, non-interference and non-conditionality principles, their engagements remained state-centric only.

China's foreign policy towards Africa goes beyond the basic economic trade imperatives of the Belt and Road Initiative (BRI). It is characterised by substantial diplomatic efforts, trade relations, investment activities, and financial and development aid that surpass those of traditional investors and donors in Africa. For instance, Beijing's investment in the continent reached \$49.1 billion in 2019, while the US and UK's investments reached \$45.81 billion and \$66 billion, respectively. Furthermore, China's trade with Africa amounted to \$208.7 billion in 2019, whereas the trade figures for the US and UK stood at \$56.9 billion and \$46 billion, respectively (the USA Census Bureau, 2019; Pecquet, 2022; World Integrated Trade Solution, 2019; Taylor, 2021). China's trade with Africa is booming, with a trade volume that is twice that of the USA and UK. However, the combined investment of the UK and USA significantly surpasses that of China. Notably, the EU, UK, and USA still hold a significant investment in Africa despite China's growing investments and development aid. This suggests that the EU, UK, and USA are not likely to concede their positions easily, even as China's influence in Africa continues to rise. In addition, as Beijing has increased its investments and development aid to the continent, the Sino-African trade has also witnessed significant growth. These factual data illustrate China's actual implementation of its vision and strategy in Africa, extending beyond the scope of the BRI.

As much as the BRI invited praise from many quarters, many researchers criticised it as utopian. Nobis (2018) has argued that

BRI was a plan to produce a future which does not exist yet. This was its first utopia. Yet, by generating an image of the future, it referred to the past and contrasted it with the present (Nobis, 2015: 728).

Nobis also criticises the BRI in its present form, shaped by China's past and blueprint for a new world order, as an attempt to realise the Silk Road through "nostalgic" Western Orientalism. Instead, he asked Beijing to present a practical plan for the BRI.

In an alternative approach, Links (2018) characterises Beijing's engagements with African nations, particularly in the context of the BRI, as aligned with China's five principles of

peaceful coexistence. Links argues that comprehending these principles is crucial for understanding the nature of this partnership. Hanauer and Morris (2014), drawing from China's white paper on Africa, outline four inclusive principles of interest: mutual benefit and common prosperity, mutual support and close coordination, sincerity, friendship, and equality, and learning from each other and seeking common development. They assert that this partnership, particularly from 2001 to 2011, was based on the principle of mutual dependency. Beijing sought resources, while Africa sought infrastructural development and investments. The study highlights the significant increase in China's infrastructure investments in transport and power projects in Africa, rising from approximately US\$500 million in 2001 to US\$14 billion in 2011.

Other works of Qiang (2010), Gamora and Mathews (2010), Zondi (2018), and Soumonni (2018) exhaustively highlight China's profound economic developmental engagements and inducements like aid and infrastructure projects in Africa across sectors like railway construction and oil exploration, among others, despite attacks from insurgent groups like Ogaden National Liberation Front (ONLF) in Ethiopia against any construction activities because of their resentment towards their governments. As manifested by these works, the general perception remained that China had never damaged Africa and its interests, unlike Western governments, and therefore necessary to nurture political and economic relations with Beijing. Scholars even asserted that the rise of China was an inspirational story for African people and governments alike. For the Africans, China's role became important, as argued by Taylor, Polus and Kopinski (2012), because Beijing maintained its distance from the domestic sociopolitical sphere of Africa and did not condition its aid and investments on issues like democracy and human rights.

Infrastructure projects in the context of BRI and FOCAC (Forum on China-Africa Cooperation) have also attracted scholarly scrutiny. For instance, Lian (2018) examines the relocation of China's manufacturing capacity to Africa to support the BRI project and its diffusion potential to drive industrialisation and create job opportunities in the region. Lian argues that under the broader "South-South" cooperation and solidarity, China and Africa could collaborate on technological know-how, knowledge production, health, agricultural development, urbanisation, and climate change policies to promote mutually inclusive development. The work further highlights how the South-South Cooperation Assistance Fund of China has benefited countries like Ethiopia, Nigeria and South Africa and is helping transform the African landscape.

Along similar lines, Tukić (2018) emphasises that the BRI project had positive effects on public transportation and the movement of goods, as it introduced high-speed roads and railways, creating employment opportunities and enhancing basic infrastructure. Tukić argues that the rhetoric of mutual benefit and win-win cooperation has sustained China's engagement in Africa, fostering state-to-state diplomatic relations and trade partnerships. An example of this is seen during the 2015 Forum on China-Africa Cooperation (FOCAC) in Johannesburg, where President Xi announced a \$60 billion commitment to improving various aspects such as people-to-people interactions, peace and security, infrastructure, agrarian modernization, poverty reduction, public health, trade and investment facilitation, and public well-being in Africa. Likewise, Cigui (2014) describes the BRI, including its maritime component spanning various

countries, particularly in Africa, as the most significant developmental intervention that promotes peaceful development and a win-win approach through cooperation, welfare, and efficiency. According to Forje (2018), this modern-day Silk Road project has substantial potential to accelerate the achievement of the African Union's Agenda 2063, especially considering the BRI's emphasis, and consequently FOCAC's focus, on economic and infrastructural development areas where the African continent has historically lagged. It is worth noting that the thesis's scope is limited to the period ending in 2019, and recent developments such as the COVID-19 pandemic and the post-pandemic economic crisis may have influenced the dynamics discussed.

Smertin (2016) takes a divergent view on FOCAC and argues that China's unconditional assistance as a partner rather than a client-bank relationship that characterised many Western-oriented development assistance, particularly not conditioning it to issues like democracy, human rights, and corruption. This brought a shift in how the African countries came to be treated by the larger international community, including the Americans and Europeans, as partners rather than 'patients' (Smertin, 2016: 236). Smertin claims that it helped Beijing be considered a 'generous coach' instead of a mentor, which helped the continent integrate into the process of globalisation. Deych (2016) contests Smertin's assertions of non-interference policy, thereby increasing Beijing's African profile. Rather, Deych argues that China filled the investment gap left by Western corporations, which were hesitant to invest in the continent due to higher investment risks. However, despite China's growing investment across Africa, the USA and European countries have continued to invest in strategic mining sectors, such as cobalt and oil (Reid, Banya, 2022). These are two opposing views on how Chinese aid to Africa impacts the perceptions of African nations, how Africans believe that China is not a colonial power like Europe, despite criticisms that China behaves like a neo-colonial power through its increasing investments in mining. At present, the USA and European countries still invest in African mines. This is relevant to the thesis because it ties into the debates that have shaped the perception that China is not a colonial power like Europe.

Nolan (2017) widens the discourse about the impact of infrastructure on the New Silk Road. He argued that infrastructure projects were a viable means of expanding growth and improving the welfare of the population in the participating countries of the project. This infrastructure provision is of mutual interest to the partner countries and drives China's international cooperation. It became essential for realising the New Silk Road, accelerating economic relationships and strengthening cultural relations. In this context, Cheng's work is important and is discussed below.

Cheng (2016) thoroughly examines the BRI and questions its objectives, trade and investment domains, and, importantly, the major partners' motivations. He acknowledges that the project aimed to "enhance cultural exchanges; maintain closer economic ties and deepen political trust; promote mutual understanding, peace and friendship among people of all countries; and encourage different civilizations to learn from each other and flourish together" and were more achievable for joining of 60 countries⁴ in the BRI's regions in 2016 (Cheng, 2016: 310-311).

⁴ The number of countries signing different Memorandum of Understandings (MoUs) concerning the BRI project increased from an initial 60 to 148 (44 countries are in Sub-Saharan Africa) in March 2022 (Nedopil, 2023).

However, Cheng argues that its success looked uncertain as many factors surpassed China's control, such as an increase in main commodity (metals and oil) prices, causing an infrastructure project to struggle and it would likely constrain its viability.

It is important to note how various perspectives can contribute to a more comprehensive understanding of the Belt and Road Initiative (BRI). While Cheng's analysis sheds light on the primary motivations, success factors, and countries involved in the initiative, Chen-Yu Li et al. (2019) conducts a study examining the impact of the BRI on China's bilateral trade with the partner countries involved in the project. They argue that the project played a crucial role in enhancing trade flows between China and the 64 countries along the BRI route from 2010 to 2017. The authors utilise both Augmented Dickey-Fuller (ADF)⁵ tests and one-time structural break approaches to support their findings. Another study conducted by Orestis Schinas and Arnd Graf von Westarp (2017) explores the impact of the BRI strategy on import and export routes. The authors argue that the project presents opportunities for improving economic conditions and environmental sustainability from the Far East to Northern Europe. They suggest that the BRI could lead to reduced transit times and distances, thereby decreasing bunker usage in vessels and resulting in lower emissions. However, they also caution about the global financial implications of the BRI, noting the challenge in estimating transportation costs due to the dependence on the development of infrastructure and its impact on the link capacity between hinterlands and ports along routes like Antwerp–Felixstowe–Hamburg–Rotterdam–Southampton–Piraeus–Tanjung Pelepas–Hong Kong–Ningbo–Shanghai–Nansha–Shekou–Tanjung Pelepas–Port Kelang–Piraeus–Antwerp.

Considering Beijing's heavy reliance on the import of oil, gas and raw materials and the export of finished goods along the proposed BRI routes, Jiang, Li and Gong (2018) focus their analysis on the influence of BRI on the 'freight rate' and shipping and port industry of China. The study argues that China's maritime shipping industry was bound to improve shipping transport and international logistics across countries because of BRI and the growing dependence of the global logistic system on maritime shipping due to increased trade volumes. Further, with the direct correlation between total trade cost and transportation cost, the 'freight rate' would determine trade arrangements and the choice of trading partners for international trade cooperation, which specifically holds for China's infrastructure projects. It means that when the freight cost is too high, it can significantly impact the price of goods. It raises the question of where the tipping point lies, beyond which the cost of engaging in such trade or infrastructure projects is no longer worth it. The politics surrounding this issue can be complex, particularly in the case of China, which is known for investing in expensive infrastructure projects with the hope of reaping long-term benefits. In the short term, it is possible that China is willing to absorb the high costs associated with such projects in order to achieve its long-term goals.

⁵ The Augmented Dickey-Fuller (ADF) test is a commonly used unit root test to assess the time series properties of financial and economic data. Empirical researchers often prefer the ADF version over the simple Dickey-Fuller test to account for potential serial correlation in the data. The challenge in executing the ADF test lies in determining the order of autoregression used in the testing equation. There are two approaches to determining the lag order: one involves setting the lag order arbitrarily or mechanically based on the sample size, while the other involves using a data-dependent method such as information criteria or a general-to-specific sequential testing strategy to select the lag order. Asymptotically, the null distribution of the ADF test is the same as that of the DF test (Tam, 2013: 3495).

Ultimately, the decision to invest in costly infrastructure projects will depend on a range of factors, including economic considerations, political priorities, and the potential risks and benefits of such investments.

For Zhi (2018), the BRI offered a window for increased cooperation between China and Africa for bringing industrialisation to this lesser-developed continent and a definite role for Beijing in the development of infrastructural facilities in many African countries like Ethiopia, Angola, Kenya, the Republic of Congo, Tanzania, Djibouti and South Africa. Some prominent China-led infrastructural projects include the Zongo Hydroelectric Power Plant, the Mombasa-Nairobi and Ethiopia-Djibouti railways, the Nairobi-Sikha road, and the Addis Ababa-Adama road. Similarly, Zhida (2018) examines interlinks between infrastructure, trade and economic development in Africa and argues that adequate infrastructure formed the basis of increased trade, a prerequisite for economic development in Africa. The study argues that the drive for building infrastructure through roads and dams would offer increased mobility, generate electricity, and help conserve water resources to support sustainable agricultural development.

One of the most important critiques of China's engagements in Africa has been the nature of its investment agreements, which have often been labelled as a debt trap. In this regard, the 2015 work of Thrall, examining investment, aid, trade, debt relief and high-profile visits from China to Africa, assumes importance. While the work highlights a link between debt and natural resources and Chinese imports and loans, Thrall argued that Beijing never intended to contribute to the African countries' debt spiral and be identified as an exploitative nation. On the other hand, whereas the World Bank and IMF aimed to develop capitalist market economies in Africa by lending money, these efforts have also resulted in debt traps. Notwithstanding China's admirable intentions, its policies have paralleled those of other international financial agencies. Beijing has invested in infrastructure and other sectors of African countries to increase its market share, but unlike the World Bank and IMF, it has been more lenient with debt repayments. However, there is debate on whether China is now stuck with debt (and therefore a drain on their economy) and does not know how to deal with it, especially with African economies that are struggling despite assistance and leadership that is failing. China's loans to Africa, especially Ethiopia and South Africa, will be investigated further in the following chapters.

Sooklal, Simelane and Anand (2018) highlight that while the world order was undergoing a shift and taking shape with the growing significance of institutions like AU, BRICS, SCO, and ASEAN, it was the BRI which presented a roadmap for realising cooperation at a regional level for economic development through their infrastructural funding agencies like Silk Road Fund, Asian Infrastructure Investment Bank, United Nations Peace and Development Fund, South-South Development Fund and BRICS New Development Bank.

In this context, China has encountered numerous challenges in maintaining its African policy within the interdependence framework. To address the thesis's research questions regarding the limitations of China and Africa's interdependence, Sarah Raine (2009) provides detailed empirical evidence of the negative perception of Beijing's investments in Africa, including low local job creation value, a preference for Chinese human resources, poor labour practices, corruption, poor-quality products and imitations, lack of environmental concern, inequitable

competition, and trade imbalances. Apart from Raine, several other scholars have also discussed the perception of the BRI and China in Africa, providing additional empirical evidence for the thesis's research questions. Junchi (2017) argues that China's perception among its partners varied because of their individual experience with Beijing on BRI in terms of history, development and transition. He credits the negative rhetoric of the Western powers around BRI with how Beijing would be perceived and received by its African partners. Junchi also criticises a section of elites for their misplaced propaganda manifested in their campaigns of "what this initiative is not" rather than "what this initiative is", which created false perceptions among Africans.

Likewise, Sautman and Hairong (2009) examine how African people perceived Sino-Africa relations through a random survey among African people from Tanzania, Ethiopia, Nigeria, Egypt, Sudan, Kenya, South Africa, Zambia and Ghana. They reported that despite persistent negative perceptions, China's engagements helped build a positive image within Africa. Lafargue and Hall (2005) argue that because of Beijing's non-interference policy in the domestic sphere of its partner countries, unlike Western democracies, the increasing cooperation between China and Africa gained positive attention in Africa. The researchers further assert that China provided initiatives for African countries about low-interest loans, agreeable economic conditions for infrastructural construction projects and employment potential to Africa without limiting to securing raw materials and increasing trade relations.

In his 2009 book, *New Presence of China*, Dijk asserts that China promoted its rising economic status as a superpower to strengthen its foothold in Africa. Within this context, as Dijk argues, Beijing didn't give an opportunity to African people to export their agricultural products because China controlled local production by leasing the land of African landowners and sending Chinese farmers to the lands. Hence, China has much more benefitted from African countries. Naidu (2010), on the other, argues that Africa provided China with an area of influence in its meteoric rise globally. Similarly, Ikhuoria (2010) and Kabemba (2010), in their examination of Beijing's relations with Nigeria and DRC, respectively, highlight that Chinese goods replaced the African market shelves due to their cheap prices. However, the point is that China's engagements at this point were harmful to Africa's immediate manufacturing prospects, but that equally, in the long run, as an indicator of the China-Africa relationship, it is favourable to Beijing with its tight focus on extracting natural resources and flooding African markets with cheap, often of dubious quality, finished goods. Kabemba further argued that the existing framework guiding Sino-African relations has failed to protect Africa's interests, given it kept China's engagements through investments and trade out of the ambit of the African governments. I will be exploring this conundrum of Chinese investments in extracting raw materials and using Africa as a market for cheap manufactured goods in the two case studies of the thesis.

Furthermore, Jiang (2009) further builds on the role of African raw materials in Sino-African relations in his analysis of China's modernisation process and the conduct of its energy companies across Africa. Though the African leaders were induced to believe that their engagements with Beijing would unleash economic development, Jiang showcased that China's developmental patterns were solely premised on securing its interests, which ignored

the African aspirations and proved counterproductive to damaging the local environment. In this context and to ensure their long-term local presence, the energy companies of China entered into joint ventures with state-controlled local energy companies and privately owned enterprises, which negatively affected the local businesses. Jiang argued that this long-term presence was building a strategic capital that Beijing could exploit for its international relations, which, hence, resembled those of former colonial powers. Similarly, Bbaala (2015), in his examination of the trade imbalances between China and Africa, argues that though the system did promote the export of African manufactured goods to China, the systemic factors like tariff-free status remained highly tilted towards Beijing and, hence making the relationship as one of dependency than of mutual interdependence as aspired.

Morreale (2018) argues the interest of Asian powers led by China in African countries stemmed from the abundance of mineral resources, underdeveloped domestic markets and, importantly, the diplomatic significance of their votes at forums like the United Nations and offering a “neutral testing ground” for their developmental practices. Shin (2013) also asserts that China sought to exploit the African consumer markets and gain control over their resources before converting it into a political bargain that it could use for international relations issues like Taiwan’s political recognition. Shin explains that Beijing sought strong and advantageous relations with African leaders and governments through party-to-party and state-to-state frameworks.

As a result, the literature mentioned above provides valuable insights into the core research questions of the thesis, particularly in relation to the concept of interdependence and how it applies to China's infrastructure, aid, debt, trade, and investments in Africa under the BRI project. Additionally, the literature sheds light on how African nations perceive China's role in the region. In the next section, I will analyse the literature that delves into the advantages and drawbacks of China's interdependent ties with Africa, with a specific focus on Ethiopia and South Africa.

1.3.3 China’s Foreign Policy towards Ethiopia and South Africa

Several researchers such as Brautigam and Tang (2012), Yejoo Kim (2013), Hackenesch (2013), Cabestan (2012), Yong (2012), Shelton (2012), Alden and Wu (2021), Wolf and Cheng (2018), Ziso (2020), Xiaoyang (2019), Hairong and Sautman (2023), Tarossy (2020), Maphaka and Shai (2021), Maphaka (2023), Bodom (2009), Shabo and Mtapuri (2021), Akinola and Tella (2022), Mnyandu (2021), April and Shelton (2014) explore the economic, political and agricultural relationships between China and African countries, specifically Ethiopia and South Africa as well as China’s FDI. Additionally, some questions have been raised regarding whether China's actions in these regions could potentially be interpreted as a form of colonialism or mutual benefit. Hence, the literature relates to the thesis's inquiry into the positive and negative impacts of China's relations with Ethiopia and South Africa.

1.3.3.1. China’s Foreign Policy towards Ethiopia

In this section, the literature on Ethiopian-Chinese relations addresses the following thematic issues: Chinese investments, trade, and infrastructure projects. For instance, Ziso (2020) examines the relationship between China and Ethiopia and how Ethiopia has been influenced

by the "China Model" of economic transformation through investments. Despite concerns and doubts about China's involvement in Africa, the author argues that the relationship between Ethiopia and China has continued to flourish. The author suggests that Chinese investment in Ethiopia has been mutually beneficial, and African countries can negotiate with China to achieve favourable outcomes. Ultimately, this results in a state that resembles a Chinese version but has its Ethiopian characteristics. The Chinese presence in Africa should not be viewed entirely as a form of predatory and exploitative imperialism.

Yejoon Kim (2013), in his evaluation of the impact of China's investments in addressing issues like unemployment, argues that the Ethiopian government viewed foreign investments from the job creation perspective as it struggled to tackle these issues. Kim argues that despite the potential of Chinese investments yielding dividends through job creation, those expectations have not been met. It also highlighted that the Chinese investment projects generated resentment among locals due to their "violation of minimum wage legislation and the poor working conditions" (Kim, 2013: 191).

Regarding China's investments, especially in the context of manufacturing, Wolf and Cheng (2018) explore the nature of Chinese investments in sub-Saharan Africa, specifically Ethiopia and Angola. It emphasizes how they can support labour-intensive industries and other forms of manufacturing production in Ethiopia and contribute to the diversification of an economy heavily skewed towards mining activities in Angola with resource-seeking investments by using the "Flying Geese" model. It also considers whether Chinese FDI is leading to a form of economic colonialism, where China benefits disproportionately from the natural resources of these African nations. The article points out the importance of host countries channelling FDI inflows toward economic transformation proactively, with a robust and independent industrial policy, to capture and utilize the benefits of inflow FDI. According to Wolf and Cheng, "FDI inflows should be used as a tool for structural upgrade empowering capacity building but not creating dependency" (Wolf, Cheng, 2018: 1).

Hairong and Sautman (2023) also examine Chinese investment in Ethiopia's development and manufacturing sectors by discussing the Belt and Road Initiative's (BRI) impact on Ethiopia. The authors find that Chinese investment has become increasingly crucial to Ethiopia's development agenda, with the BRI serving as an informal promise from China to encourage capital flows to BRI states. While there are criticisms of Chinese activities, the authors argue that Ethiopia benefits from foreign direct investment (FDI) and plays a significant role in South-South cooperation. The study also discusses the short and medium-term effects of Chinese investment on local economic activity, and highlights the importance of technology transfer and linkages between foreign and domestic firms for Ethiopia's long-term development.

As Hairong and Sautman (2023) emphasise the significance of China's technology transfer for Ethiopia, mainly through Chinese investments in the manufacturing sectors, Xiaoyang (2019) also focuses on the knowledge transfer effects of Chinese investment in Ethiopia's manufacturing sector. The Ethiopian government has encouraged Chinese and other Asian countries' investment in the manufacturing sector since 2010. The paper examines knowledge transfer mechanisms between Chinese investments and Ethiopian firms, institutions, and

individuals at four different levels in the manufacturing sector. The study finds that the effectiveness of knowledge transfer by foreign investors depends on industrial conditions in the host country. Collaborating and exchanging knowledge is crucial for foreign manufacturers to establish themselves within African industries and a significant factor in ensuring the long-term success of foreign investors in Africa.

In addition to Chinese investments in the field of manufacturing, Brautigam and Tang (2012), in their examination of China's agricultural engagements in Africa, reveal that Beijing was making direct investments in Ethiopia's agricultural sector through training, zero-interest loans for agricultural equipment like tractors, sowing and soil-tilling machines, cottonseed removing machines and generators, and hydroelectric projects for both irrigation and power generation, apart from building educational infrastructures like schools. Such large-scale investment in agriculture suggests more than simply a good gesture of development aid.

On the one hand, regarding trade relations between China and Ethiopia and the main political issue of what is the development policy, how China approaches Ethiopia, and Ethiopia's tentative and then full-scale involvement with China, Hackenesch (2013), in his analysis of China's development policy toward Ethiopia, argues that Beijing focused on nurturing its relations with the Ethiopian government as an economic and political partner through trade and investment. This approach was unlike that of Europeans, who perceived Ethiopia as an aid receiver, allowing China to cement its place as an alternative partner. Cabestan (2012), in his analysis of the political, economic and ideological partnership between China and Ethiopia from 1991 to 2012, argues that the 1995 agreement on trade and economic and technical cooperation was a driving force of this relationship. The agreement created an annual Joint Economic Commission meeting and helped Ethiopia earn "most favoured nation" status from China. Beijing has also ensured that it is restrained from interfering in the domestic issues of Addis Ababa and, as its policy elsewhere, did not condition its investments to domestic issues like the Westerners, as was witnessed during the post-election violence of 2005, leaving around two hundred dead and resulting in the suspension of the developmental aid from the EU countries and the USA. The agreements extended the bilateral economic cooperation through investment, transport of maritime goods and exchange of technical human resources.

Thakur (2009) argues similarly in her observation, asserting that China's policy of mutual assistance gave Ethiopia opportunities such as zero-tariff suspension on agricultural imports, which enhanced their export share to Beijing, like sesame, by 500% in 2005 from 14 thousand tonnes in 2000 to 89 thousand tonnes in 2005. Further, as noted by Thakur, EU states, whose assistance was Addis Ababa's first preference, tried to prevent Ethiopian products from entering European markets, unlike China, which not only provided market access but helped raise infrastructure through road and bridge construction, low-interest loans and telecommunication systems, and trade. Chakrabarty (2016) also credits the zero tariff policy with making China the most significant partner for Ethiopia, increasing its agricultural exports. Chakrabarty further argues that the zero-tariff policy made Ethiopia a direct beneficiary of China's infrastructure supply, foreign direct investment and manufacturing projects.

Besides trade relations, regarding Chinese infrastructure projects in relationship between China and Ethiopia, Tarossy (2020) analyses large-scale infrastructure projects built by Chinese

companies in Ethiopia and raises questions about the difficulty of loan repayment, comparing Chinese loans to Western practices and the costs and benefits for both sides. The article sheds light on new dependencies as African vulnerability escalates dependence on China. Despite several pitfalls, China has numerous benefits, as around 400 of its companies registered over 1,200 investments in Ethiopia in the 2017/18 financial year. It illustrates that China finds the Ethiopian market appealing and profitable. For Ethiopia, Chinese investments are needed for further development, and the government can renegotiate better conditions and deals with China.

As a result, the literature relates to the main question of why relationships between China and Ethiopia have mutual benefits in the short term but have the potential to turn into a dependency relationship in the long term by examining the positive and negative impacts of China's interdependent relationship with Ethiopia. While China's investments in Ethiopia create job opportunities, improve food security, and provide technology transfer to Ethiopia, they can also lead to a dependency on exporting Ethiopia's agricultural products to China and China's technology in Ethiopia. In addition, Ethiopia's increasing trade with China has positive effects, but at the same time, its parallel increasing imports from China cause a trade imbalance and dependence on China. Furthermore, the infrastructure projects carried out by China in Ethiopia help Ethiopia's development, but they increase its vulnerability to China due to its inability to find alternative sources, owing to its debt and financial inadequacy. It is important to note that Ethiopia's asymmetrical interdependence relations with China tend toward dependency.

1.3.3.2. China's Foreign Policy towards South Africa

Compared to China-Ethiopia relations, China-South Africa engagements are comparatively new, given their diplomatic relations did not officially exist before 1996 because Pretoria supported the Republic of China Taiwan. This changed in 1996 with the ANC government's decision to recognise the People's Republic of China and support its One-China Policy, which was eventually undertaken in 1998. In this context, between 1996 and 2010, China and South Africa saw political and economic relations strengthen, but it was not until Pretoria's inclusion in BRICS in 2010 that the relationship gained significant momentum, as the African country became important for the BRI. In light of this, Yong (2012) analyses the strategic partnership between China and South Africa with BRICS, arguing that the African country played a vital role in the agenda of African states via NEPAD and the African Union through its membership in BRICS. It could represent the aspirations of African countries for broader cooperation with China, including mediating the issues of concern arising out of Beijing's engagements.

Maphaka and Shai (2021) also argue that the relationship between China and South Africa deepened since adopting the Pretoria Declaration in 2000, leading to a Comprehensive Strategic Partnership in 2010. Instead of arguing that the relationship is mutually beneficial, their article suggested that China used South Africa to advance its interests, particularly in the international arena and multilateral institutions. South Africa's non-permanent membership in the United Nations Security Council highlighted its dependency on China to promote the African agenda. China also uses South Africa to compete with the West in Africa and other developing regions. However, this relationship perpetuated a form of dependency, underdevelopment, and domination, with South Africa remaining at the bottom as a developing

country. It seems that the works of Yong (2012) and Maphaka and Shai (2021) are relevant to the thesis regarding South Africa's membership in international organizations and its significance. It is worth noting that South Africa's involvement in organizations such as BRICS, the AU, and the UNSC can provide valuable insights into its political, social, and economic landscape, particularly with China.

While international diplomacy is a key component of China's relationship with South Africa, Shelton (2012), in his analyses of their economic cooperation, argues that the Free Trade Agreement and investment agreements, including those of BRI, could drive the China-South Africa bilateral economic relationship, leading to increased economic growth in these countries. Despite acknowledging that these agreements could yield significant benefits for the African country, Shelton cautions the South African government to deeply analyse the treaty's risks and costs: China's investment focus on mines, South Africa's exportation of raw materials, China's ability to export manufactured goods at a large scale and the spread of Chinese goods in South Africa. This type of risk and cost point will fit into the fifth chapter of the thesis.

Alden and Wu (2021) also argue that national dynamics in South Africa shaped its bilateral relations with China, with its relatively developed economy, attracting Beijing's interests and fuelling their trade relations, mainly related to the north-south exchange of goods. The work evidences how this proved counterproductive for the local economy, given that thousands of jobs were lost as more affordable goods from China started flooding markets. This even pushes South African authorities to seek investments that have significant value-addition potential, especially in the job-creating, manufacturing, and mining sectors. Alden and Wu highlight that this also raised concerns for South Africa's domestic market, with Beijing's price policy putting significant pressure on the country's cost and wage packages.

In that regard, Maphaka (2023) evaluates the practicality of radical economic transformation in South Africa-China relations by using the Afrocentricity approach. Maphaka's study reveals that while China provides the space for policymaking and implementation needed for radical economic transformation in theory, its actions converged with colonial practices and conflicted with the proposed policy. Thus, the majority of potential beneficiaries are not able to enjoy the benefits of the policy as a few political elites, and China benefits from existing colonial practices, which constrains the envisaged radical economic transformation.

However, Bodomu (2009) points out that the idea of China having asymmetrical relations with Africa is greatly exaggerated. According to him, while China provides economic aid and investments in Africa, Africa wields considerable political power, mutually benefiting the relationship. However, measures must still be taken to maintain a sustainable equilibrium, and soft power or cultural diplomacy can help achieve this. Prominent African economies like South Africa can play a counter-balancing role in the Africa-China relationship to ensure symmetry. Confucius Institutes and Mandela Institutes are examples of cultural diplomacy that can foster a more human relationship between the two regions.

Similar to Bodomu's argument, Shabo and Mtapuri (2021) examine the relationship between South Africa and China from 2009 to 2019 to determine whether it was mutually beneficial or asymmetrically favoured one country over the other. Their findings suggest that contemporary

South Africa-China engagements that were asymmetrical in favour of China were an exaggeration because the relationship was not solely based on South Africa's natural resources but also included climate change negotiations, issues surrounding reform, global security, food security, and global governance within the context of BRICS. They argue that their findings contradict the Western narrative that China's interest in African countries was primarily based on resource extraction. However, South Africa must take measures to demarcate any perceived asymmetry and define terms of engagement with China, regardless of this exaggeration. Their study also reveals that China considered South Africa a crucial country for working together on South-South development issues in international forums such as the United Nations.

Akinola and Tella (2022) also explore the asymmetric relations between South Africa and China. However, their work is focused on the period during COVID-19, which may not be directly relevant to the timeframe of the thesis. Nonetheless, it is worth mentioning that the authors examine how the pandemic affected South Africa's relationship with China. The authors argue that despite maintaining strong ties, South Africa has benefited less from the asymmetric relationship. However, China is less aggressive towards African countries than Western imperial powers. To address this imbalance, the authors suggest that South Africa should re-negotiate its partnership with China to secure more favourable investment and trade policies. In addition, the authors recommend that South Africa push for compensation from China and invest in its health infrastructure to better prepare for future pandemics.

Mnyandu (2021) focuses on the historical and contemporary patterns of relations between South Africa and China, examining the systemic problems and power dynamics that have affected their cooperation. Given South Africa and China's cooperation, he analyses the role of Chinese trade patterns and hubs in South Africa's developmental trajectory, exploring the prospects for a developmental state in South Africa. He argues that a closer partnership with China has become a mainstay of South Africa's foreign policymaking nexus and has taken on strategic significance. The author proposes short-term and long-term strategies to address unemployment, including sponsoring South African women coops to go to Yiwu International Trade City to order inventory themselves and sending South African young people to study at Zhejiang to learn about the feasibility of a "South Africa Yiwu" trade hub-city trading in value-added products unique to the country.

April and Shelton (2014) emphasise in their book chapter the dynamic nature of the relationship between South Africa and China, highlighting various strategies to advance a new global order and address mining challenges. They argued that the two countries committed to boosting trade, investment, poverty reduction, infrastructure building, and hi-tech industries on the continent, and the New Comprehensive Strategic Partnership document became essential in strengthening the national interests of both countries, with agreements ranging from political dialogue to joint efforts in the global arena. Economic growth is crucial for both countries and would positively impact the socio-political sphere. China is an important market for South Africa and a staunch ally in addressing Africa's developmental impasse, while South Africa acted as Beijing's largest trading partner on the continent and a key player in shaping the political landscape. The new BRICS grouping allows the two countries to shape their interests strategically.

In summary, scholars hold varying viewpoints on China's involvement in Africa. While some perceive China as an alternative power offering assistance and investments and its asymmetrical relations to the detriment of African countries are exaggerated, others argue that Beijing's economic strategies result in exerting control over African nations' economies and politics, particularly Ethiopia and South Africa.

However, this research examines China's relationships with Ethiopia and South Africa, investigating the achievements and constraints of these interactions and analysing the advantages that Beijing derives from them by contributing to the literature concerning China and Africa relations in the context of the BRI by employing the interdependence theory. In that regard, the first contribution of the thesis is to compare China's investments, infrastructure projects, aid, loans and trade in Ethiopia and South Africa, two countries with significant differences in their financial systems, market economies, foreign capital, stock exchange, developed infrastructure, and raw materials. Secondly, the thesis addresses China's controversial and paradoxical role in Africa and the potential risk of an asymmetrical interdependence relationship evolving into a dependent relationship due to China's growing economic influence and financial control over Africa, particularly Ethiopia and South Africa.

Hence, it is crucial to consider both sides of the relationship and assess the potential risks and benefits of this interdependence for all parties involved by looking at the other side of the coin. The study also underscores the importance of Ethiopia and South Africa in China's broader objectives of deepening ties with other African countries and advancing its BRI project.

1.4. Theoretical Framework

The discipline of International Relations remains dominated by Western discourses, which is reflected in most of the IR theories that reflect Eurocentrism (Alejandro, 2019: 3; Hobson, 2007: 92). In that regard, many competing theories of international relations place different emphasis on key aspects of the international and global system. For instance, Western countries adopted "problem-solving theories" of realism, idealism, and constructivism along with "critical theories" of Marxism, feminism, and post-modernism in their international theories (Castro, 2011: 1-3). In this context, realists believe that people live in a system of "international anarchy," where conflict is more prevalent than peace, and preparation for future conflict is necessary. Realist theory also suggests that security concerns are the top priority in bilateral relations, and the fate of weak states is determined by strong states (McGlinchey, Walters, Gold, 2017: 5; Sladen, 2004: 5).

However, the relevance of realist theory has seemed to decrease since the end of the Cold War. With the shift from a unipolar to a multipolar world, it is evident that the influence of non-state actors like multinational corporations, NGOs, and transnational movements has grown increasingly important. Additionally, soft power and public diplomacy have become critical in international relations. Although Realism perceiving the international system as more chaotic, emphasizes the significance of military power and force, the importance of international organizations and collaborative efforts among states cannot be ignored (Keohane, Nye, 2012; Mearsheimer, 2001). Nevertheless, the ongoing conflicts worldwide, such as those in Ukraine,

Palestine, the Sea of Japan, the South China Sea, the Gulf countries in the Middle East, the Red Sea, and the sea route around South Africa, demonstrate that Realism is still relevant today.

The theory of liberalism stresses the importance of ensuring free and fair elections, the rule of law, and the protection of civil freedoms, liberty, and property. Its goal is to create institutions that can limit the power of governments while safeguarding individual freedom. When multiple states and international organizations coexist in a multipolar system, the behaviour of such entities can be shaped by liberal ideas that prioritise democracy, individual rights and the rule of law. It is worth noting that neo-liberalism does not necessarily require democracy. Neo-liberalism refers to market-oriented reform policies, including eliminating price controls, deregulating capital markets, reducing state influence in the economy through privatisation and austerity, and lowering trade barriers (Meiser, 2017: 22).

Dependency theory, at its prime in the 1970 and 1980s, is a broad framework that has been developed by scholars from Africa and Latin America, such as Prebisch (1950), Frank (1967), Cardoso (1969), Amin (1970), and Santos (1970). The dependency school's central tenet is that the world is divided into a core of powerful, wealthy nations and peripheral poor countries, which remain dependent on rich countries and, hence, are always in an unequal position within the global economy. Global economic and political structures have created inequality and underdevelopment in less developed nations. It highlights the role of imperialism, colonialism, and neocolonialism in shaping their economic and political landscape. For instance, a core of wealthy nations that exercise control over poorer nations exists. These poorer nations are primarily responsible for providing cheap labour and raw materials to the wealthy nations, and as a result, they do not advance economically but instead become poorer. External factors like international commodities markets, multinational corporations, foreign aid, and communication networks heavily influence the economic activity of dependent nations. The global capitalist system exploits and marginalizes poorer countries, leading to a cycle of dependency and underdevelopment. This theory also extends to political dimensions, where unequal economic relationships can influence political decision-making (Emeh, 2013: 118-119).

While the world is still experiencing severe inequalities between highly industrialised and less developed countries, dependency theory attempted to address these issues but could not overcome them due to its circular argument, as demonstrated above. However, Kvangraven (2020) has recently revived and revised the dependency theory. It now differs from the traditional understanding of the concept, advocating as Samir Amin does for a de-linking from the global capitalist economy to rebuild the national economy or recommending strong engagement with the world economy, as Cardoso claims. She points out that “Dependency theory is a constantly evolving discourse, rather than a formalised theory” (Kvangraven, 2020: 4). She argues that currently, it should be viewed not so much as a theory but a research programme to explore relation to other theories. In that regard, the concept of dependency is not solely a result of the global economy but also of internal production structures that are linked to social and political structures. Kvangraven explains how an economy is shaped by various factors such as foreign investment, technology, production ownership, financial

limitations, and consumption patterns. These factors have unequal effects that are conditioned by historical circumstances, and understanding them is essential in comprehending the concept of dependency.

Furthermore, Kvangraven acknowledges that dependency is not a static paradigm that can change over time. Rather, she believes that a situation of dependency can evolve, either improving a society and its economy or leading to a new form of dependency. In connecting the interdependence theory of Keohane and Nye to dependency theory, even though Kvangraven does not explicitly address the connection between her ideas and those of Keohane and Nye, I suggest linking them through dependency theory. Kvangraven highlights the potential for dependency to evolve into a more equitable and mutually beneficial relationship between nations, which is an important consideration in the current global context (Kvangraven, 2020: 10-11, 19-20, 21-22).

In this connection, coming from a different perspective on the traditional dependency theory, Mason (2017) points out that two new types of dependency have emerged in Africa due to changes in the international environment and the entrance of non-traditional actors in the region. The first type is self-imposed dependency, which refers to states that remain anti-Western based on accusations of neo-colonialism. An example of this is Zimbabwe, which has tried unsuccessfully to balance with China against the West. Another example is that South Africa remains somewhat dependent on China due to its significant role in the national economy but still has some freedom to pursue other policies (although recent events indicate a more independent stance towards China). However, they tend to toe the line when it comes to issues that may be seen as contravening Chinese national security. The second type is oscillating dependency, which results from advances and setbacks in negotiations with neoliberal organizations such as the World Bank and the IMF. As an example, Angola attempts to balance with China against the West mainly out of economic necessity but has also seen advantages in negotiating with the IMF at other times (Mason, 2017: 92).

This new conceptualisation of dependency is important because it re-asserts - the structural and historical root causes of underdevelopment and inequality in Africa but places new emphasis on understanding the dynamics of power and influence in international relations that informs whether a country is falling into a cycle of dependency and exploitation and is able to take measures to extricate itself, or not, from dependency and re-assert its sovereign independence and its role as interdependent with all of its trading partners and global political alliances.

Closely related to dependency theory is the uneven and combined development theory of capitalism. This theory highlights how different fields of historical experience vary the rates of development, with this inequality driving the expansion of capitalist markets. One of its central formulations is that national capitalist systems eventually turn towards global markets, creating economic interdependence between countries and leading to various problems related to unequal development trajectories. Despite inequality and exploitation being central, the law of uneven and combined development is seen as a positive force for the advancement of productive forces under capitalism, as it allows underdeveloped societies to catch up with

developed ones by jumping into the flow of history (Trotsky, 2010: 162; Rosenberg, 2013: 583).

The broad outline of the Eurocentric or ‘Western’ IR theories above means that competing IR theories from non-Western countries like Japan and China have remained near non-existent (Huntington, 1993: 24; Fonseca, 2019: 47). There are multiple reasons that have sustained this Global North-South divide in IR knowledge production. Firstly, as Western countries dominated global politics, their dominance of IR became inevitable, thereby driving its disciplinary discourses. Secondly, as English assumed significance in knowledge production and its dissemination, it became a barrier for the non-Western and underdeveloped countries which were emerging from colonialism and grappled with basic sustenance issues, and hence IR took shape as a Eurocentric discipline without any significant interventions from the Global South. The fear of World Wars also forced Western countries to institutionalise IR theory to understand war and peace, something non-Western countries like China maintained a distance from (Acharya, Buzan, 2007: 293-297).

Apart from the influence of communist ideology on China's foreign policy, the country underwent a significant transformation in 1978 when it opened up to the world and initiated economic reforms aimed at its modernization. This shift in foreign policy principles led to the emergence of realism and pragmatism as the driving forces behind Beijing’s approach. As a result, China's interests came to be assessed pragmatically, reflecting the principles of Marxism-Leninism and the ideas of Mao Zedong, which oppose imperialism, colonialism, and capitalism (Zhao, 2004: 8; Xinbo, 2004: 61). Additionally, in recent times the Confucian perspective played a vital role in shaping Beijing’s foreign policy, aiming for a superpower status within a stable but changing global order while rejecting Western and American dominance in international relations (Sayın, 2013: 225). Geeraerts and Jing (2001), in their analysis of China's international relations, highlight that from the 1970s onwards, Chinese scholars started investigating interdependence theory, political strategy, multinational cooperation and cultural interaction in IR theory. With a bipolarity era meeting its fate with the end of the Cold War, the global geopolitical landscape witnessed the emergence of multipolarity, which directly contested the American hegemony as a centre of a unipolar world, and peace and development’ took off as a new domain wherein.

Chinese academicians such as Yuan Ming and Song Xinning significantly contributed to the disciplinary debates about the primary features of the new global order, international conflicts and transitional period problems. The approach of the Chinese scholars is associated with their cultural worldview stressing “Chinese characteristics” supporting peaceful and harmonious co-existence of all people around the globe, following the Five Principles of Peaceful Co-existence and using Chinese thinking, language and expression as critical components. In contrast, Western academics tend to prioritize objective law, microanalysis and internal relations. The Chinese policymakers also promoted the discourse around multipolarity in foreign relations (Yan, 2015: 56; Eisenman, Heginbotham, 2019: 56) with their insistence on furthering mutual understanding and non-interference in sovereign nations (Zhao, 2004: 5).

In this context, the interdependence theory in international relations investigated by Chinese scholars is as Eurocentric as any other theory. However, in the concept of the interdependence theory, cooperation comes to the fore rather than conflict, and bilateral relations are based on common interests more than self-interest, in contrast to realist theory. Keohane and Nye argue that self-interest drives this change rather than a desire to improve the world or to foster collectivism.

Self-interest in an interdependent world, rather than a desire to improve the world or an ideology of collectivism, accounts for this change of heart. Unilateralism may lead to occasional foreign-policy triumphs, but it is an inadequate answer to a host of problems that cannot be addressed except through international cooperation. (Keohane, Nye, 2012: 283).

In this regard, self-interest and cooperation are interconnected in theory, as "cooperation can occur without regimes or even overt negotiation. It can evolve as actors define their self-interests and choose new strategies in response to others' strategies of reciprocity". Therefore, government officials learn to achieve their goals more cooperatively over time as their ideas of self-interest evolve. Keohane and Nye emphasize the importance of soft power and free information in changing perceptions of self-interest. They reiterate that "soft power and free information can, if sufficiently persuasive, change perceptions of self-interest, and therefore how hard power and strategic information are used" (Keohane, Nye, 2012: 201, 222, 280, 283). Interdependence theory recognizes the complexity of international relations and the need for cooperation based on mutual self-interest. Hence, interdependence addresses the role of common interest in relations between China and African countries, especially South Africa and Ethiopia.

On the one hand, the interdependence theory does not prioritize personal freedoms and restricting government authority, which are some objectives of liberalism. As Neo-liberal policies indicated above, China may not be entirely comfortable with these policies, but it prefers to implement them on its own terms instead of following the guidelines of international organizations like the IMF or countries like the USA and Europe. For instance, in the context of China, China has strong political authority and prioritizes increasing the well-being of the Chinese people and does not interfere in the African state actions regarding internal affairs such as democracy and freedom for African people, especially Ethiopian and South African communities. China's aid also does not have a democracy requirement and sometimes even goes against it. While democracy requirements and individual freedoms are not directly taken into account in this thesis, there is a focus on how relatively freely entered institutional arrangements in international relations promote, hinder or provide advantages or disadvantages to respective state parties and their associated public and private sector organisations and companies while engaged in interdependent relations.

In addition, as shown above, the perspective highlighted by dependence theory, specifically the uneven distribution of power and resources in the global economy, must be incorporated as part of the thesis, particularly the idea of wealthy nations and their associated organisations and companies dominating and exploiting less developed and poorer nations. Dominant states can

export a wide range of goods and services to other countries, while dependent states rely heavily on exporting a single product and importing a range of goods from developed nations. Parallel or co-responding dependent states also provide cheaper labour to dominant states. In comparison, interdependence emphasises the importance of mutual reliance and cooperation but recognises the difference between symmetrical and asymmetrical interdependence relationships. Symmetrical interdependence implies mutual dependence on each other in a more balanced and equal relationship between entities, where both parties benefit from the exchange, and neither has an excessive degree of control or influence over the other.

In contrast, asymmetrical interdependence occurs when two or more entities are interconnected, but the degree of dependence is not equal. Usually, one state has more control, power, or influence over the relationship than the other “but without substantial, near or total domination” (Keohane, Nye, 2012: 14-16). The asymmetry in political influence, cultural hegemony, trade imbalances, the distribution of resources, technological advancements, and military dominance may solidify dependency relations, leading to further inequality in relations between China and Africa.

In that regard, Ethiopia and South Africa are not third-world countries and are not economically controlled by China or Western countries. However, these countries need investment to employ people and grow their economies. China has become a reliable partner in this regard, albeit these ostensibly equal diplomatic relationships are situated in asymmetrical trade and financial exchanges. Hence, the current relationship between China and Africa, specifically Ethiopia and South Africa, may seem asymmetrical interdependence, but it is important to remain vigilant about the potential long-term consequences of this relationship. Since the African countries' trade deficit with China, indebtedness to China, heavy reliance on agricultural and natural resources in their trade with China and providing land and cheap labour for China in their respective countries, and wary yet hugely attracted to China's technological advancement may pose the risk of their asymmetrical interdependence relations with China turning into a dependency relationship in the long term.

On the other hand, it is important to note that while the uneven and combined development theories highlight the political economy of capitalism within the global economy, the interdependence theory focuses on globalization, increasing economic integration and interdependence between nations and contributing to peace. In that regard, even though China has encouraged entrepreneurship and created Special Economic Zones (SEZ) that weaken social systems based on public ownership and state-managed economies, China identifies, seemingly contradictorily, as a communist country, not a capitalist nation. When considering China's relations with Ethiopia and South Africa in the context of uneven and combined development, it is evident that these countries have different rates of development and are economically interconnected through trade and investments, reflecting combined development. However, it will take time for Ethiopia and South Africa to catch up with China's industrialized society.

For the reasons detailed above, I have decided to refrain from extensively discussing theories such as realism, liberalism, and uneven combined development in my thesis. Instead, I have opted for the interdependence theory in International Relations as a suitable conceptual framework to investigate the hypothesis of my research and address the questions posed in this thesis. By employing this theory, I aim to substantiate the claim that the relationships between China and Ethiopia, as well as China and South Africa, are highly asymmetrical, involving complex political and economic ties in the context of the BRI, and there is a potential risk that the asymmetrical interdependence relations may transform into dependency relationships.

1.4.1 Interdependence Theory

The theory, as outlined by Robert Keohane and Joseph Nye in their 1977 work, *Power and Interdependence*, interprets international political changes in an alternative way. It assumes that cross-border reciprocal flows of goods, money, communications, and people globally distinguish the interdependence between countries or individuals in states. Employing "mutual dependence" or "mutual benefit" as its synonyms for "interdependence", the theory holds that these transactions are mutual but mostly asymmetrical and not necessarily symmetrical, as:

The effects of transactions on interdependence depend on the constraints or costs associated with them. A country that imports all of its oil is likely to be more dependent on a continual flow of petroleum than a country importing furs, jewellery, and perfume (even of equivalent monetary value) will be on uninterrupted access to these luxury goods. Where there are reciprocal (although not necessarily symmetrical) costly effects of transactions, there is interdependence. Where interactions do not have significant costly effects, there is simply interconnectedness. The distinction is vital if we are to understand the politics of interdependence. We must also be careful not to define interdependence entirely in terms of situations of evenly balanced mutual dependence (Keohane, Nye, 2012: 8-9).

Nye and Keohane attempt to interrogate how a source of power could manipulate interdependence relations and argue that a power dominated by force supports 'asymmetrical vulnerability' as:

It is asymmetries in dependence that are most likely to provide sources of influence for actors in their dealings with one another. Less dependent actors can often use the interdependence relationship as a source of power in bargaining over an issue and perhaps to affect other issues (Keohane, Nye, 2012: 9).

In the context of a dependent power's relationship with a more powerful state, how does a dependent power use or exploit within its relationship with a powerful state a space to advance its interests and that of its citizens? Streeten (1991, 2001) argues that within the framework of interdependence and integration in the international system, there are four crucial 'functions'. Firstly, the dominant power or centre generates current account surpluses. Secondly, financial institutions convert these surpluses into loans or investments on favourable terms. Thirdly, there is the production and sale of producer goods and up-to-date technology. Lastly, there is the maintenance and utilization of military power to ensure peace and enforce contracts. He emphasizes that all these functions are vital for the development of underdeveloped regions,

the growth of the global economy, and the equitable distribution of the gains from growth (Streeten, 2001: 1-2).

The fragmentation of the four functions of an international order contributes to the current confusion, but it also holds the opportunity for a much better solution. Our present interdependent, pluralistic, multipolar world is less stable, and more in need of promotion of peace, prosperity, and global leadership than past orders, but no single power is both able and willing to assume these functions. This presents us for the first time in history with the opportunity to create a world order based not on dominance and dependence, but on equality, pluralism and cooperation (Streeten, 1991: 125).

In the below, I will use these functions to critically evaluate why China becomes the less dependent actor in its relationships with Ethiopia and South Africa and why Ethiopia and South Africa conduct asymmetrical relations with China. In that regard, Streeten also explains the degree of interdependence in relations between actors.

Interdependence is measured by the costs of severing the relationship (or the benefits of developing it). The higher the costs to one country, the greater is the degree of dependence of that country. If a small country benefits more from the international division of labor than a large country, its dependence is greater. If both partners to a transaction were to incur high costs from severing economic links, there would be interdependence (Streeten, 2001: 3).

The degree of interdependence is associated with asymmetry. Asymmetry is a key issue in understanding interdependent relationships, as it creates the complexity of diplomatic, economic and financial exchanges. Apart from this, Streeten's work, exploring the shift from dependency to more or less equal partnership, can be found in the 1970 work of Dos Santos, who contends:

The relation of interdependence between two or more economies, and between these and world trade, assumes the form of dependence when some countries (the dominant ones) can expand and can be self-sustaining, while other countries (the dependent ones) can do this only as a reflection of that expansion, which can have either a positive or a negative effect on their immediate development (Dos Santos, 1970: 231).

Asymmetry can originate from political, diplomatic, or soft power dynamics, such as cultural or educational exchanges. Keohane and Nye use two crucial concepts to evaluate whether a country's economy is sensitive or vulnerable. While most African economies can be said to be in asymmetrical relationships with other dominant economies of the world, the extent of this asymmetry depends on the resource availability, control, and principally on the power and ability to influence outcomes. Understanding the role of power in interdependence requires **sensitivity**, as it entails varying levels of responsiveness within a policy framework. Overall, sensitivity, which can be measured by factors such as trade dependencies, economic interconnections and resource dependencies that can significantly impact a country's economic well-being, plays a crucial role in shaping power dynamics within interdependence, reflecting the varying levels of responsiveness among policy-makers. In the context of trade relations, sensitivity refers to the responsiveness and awareness of nations or entities to react and adapt to changes in economic policies and environments that impact their interdependence in terms of trade. This means that nations involved in trade are sensitive to factors such as tariffs,

currency exchange rates, trade agreements, and economic policies of their trading partners, as decisions made by one country can affect the economic well-being of others. Adapting policies and strategies is important to minimize risks and maximize benefits in the dynamic international market (Keohane, Nye, 2012: 13-14). In the case of China's relations with African countries, particularly South Africa and Ethiopia, there is a notable difference in sensitivity. I will explore this further below and in the succeeding chapter.

Sensitivity, mentioned above, and vulnerability are closely related concepts that provide a framework for analysing the complex dynamics of interdependent relationships between actors. In this context, it is important to focus on **vulnerability** to understand the political structure of interdependency relationships. Specifically, this involves examining which actors have the ability to establish the rules of the game. Vulnerability, which can be measured by factors such as economic inequality, dependence on a single industry or export and debt levels influencing a country's economic vulnerability, helps to identify which actors can establish the game's rules. By implementing appropriate policy measures in changing conditions, states can potentially create alternatives to vulnerability, reducing its value as a strategic tool and minimizing risk exposure in the process. It is important to note that while short-term profits may be achieved through vulnerability, this can often result in long-term losses. Therefore, it is crucial to develop alternatives to diminish vulnerability in the long term, even if this may lead to asymmetry in interdependence in the short term.

On the other hand, vulnerability in trade relations refers to the level of susceptibility of nations or entities to adverse economic consequences due to their interdependence in trade. When nations depend heavily on each other for goods and services, factors such as geopolitical tensions, policy changes, or economic downturns can have negative impacts. To manage these risks, countries ought to diversify their trade partners, negotiate fair trade agreements, and ensure that economic policies consider the potential risks associated with interdependence (Keohane, Nye, 2012: 13). There is also a distinct difference in vulnerability regarding China's relationship with African nations, especially South Africa and Ethiopia. In the following and upcoming chapters, I will delve deeper into this topic.

China, African countries, Ethiopia, and South Africa, as case studies, have varying levels of resources, development, technology, and manufacturing capabilities. As a result, each country reacts differently, either reducing or increasing its sensitivity or vulnerability to certain situations. In addition, it is crucial to consider asymmetrical interdependence relations falling into a dependent relationship when state actors have limited or no options.

For instance, and as I argue, China was particularly sensitive to importing grain and livestock from Ethiopia and raw materials from South Africa. Additionally, the increasing prices of livestock, grain, and raw materials in Ethiopia and South Africa seemed to increase China's sensitivity. However, vulnerability asymmetries strongly favoured China because, as the dominant power, it has many alternatives to expand and self-sustain trade in raw materials and agricultural products, reducing its vulnerability to Ethiopia and South Africa. Conversely, Ethiopia and South Africa are vulnerable, rather than merely sensitive to changes in raw materials, if China decides to shift its focus elsewhere to acquire these materials.

On the one hand, in the context of Ethiopia, Ethiopia exhibits sensitivity to China's investment decisions, zero-tariff trade agreements, and debt forgiveness measures because of their political and economic engagements with China. It's interesting to note that Beijing made significant investments in Ethiopia over the years, with the total amount exceeding \$1.33 billion in 2019. The investments have been mainly focused on manufacturing, construction, and agriculture. The other notable trend is that China's exports to Ethiopia increased significantly, from \$40.5 million in 1995 to \$2.37 billion in 2019. At the same time, Ethiopia's exports to China grew considerably, from \$596,000 in 1995 to 518 million in 2019. Some primary Chinese products exported to Ethiopia included electric filaments, non-knit women's clothing, and silk fabric. In return, Ethiopia exported oilseed, copper ore, and zinc ore to China. Overall, Ethiopia's sensitivity to Chinese investments, aid, debt and zero-tariff agreements reflects the significant responsiveness of Ethiopia's economic conditions to China. In addition to Ethiopia's sensitivity to China, Ethiopia's reliance on China as the sole supplier for the materials used in constructing investments, as well as their high costs of hydroelectric power, road, railway, and repayments of loans due to China's imposed rules in the relations with Ethiopia, serve to exacerbate Ethiopia's vulnerability to China. As a result, a lower level of industrialization and less access to alternative investment and development aid and loans from the IMF and World Bank make Ethiopia more vulnerable to China in interdependence relations and in case of severing the relationship and China's rising economic influence and financial control over Ethiopia may lead to an increasing trend toward dependency of Ethiopia on China.

With regard to South Africa, for example, South Africa's economic and societal landscape is complex, with varying degrees of sensitivity, vulnerability, and dependence across different sectors. For example, South Africa, in terms of trade, has experienced a steady increase in imports from Beijing over the years. In 2011, Pretoria's imports from China amounted to \$14.21 billion, which rose to \$15.67 billion in 2015 and \$16.8 billion in 2019. Notable items on South Africa's import list include broadcasting equipment, computers, office machine parts, video displays, and telephones. On the other hand, South Africa's exports to China saw a significant decline from \$12.5 billion in 2011 to \$6.81 billion in 2015 due to political instability and economic stagnation. However, the situation improved in 2019 when exports stabilized at \$16.8 billion. In 2018, South Africa's exports to China were primarily composed of mineral resources such as gold, iron ore, manganese ore, and chromium ore. The trade relationship between China and South Africa is inherently structurally unequal, especially when South Africa exports raw materials and then imports the finished product. This puts the exporting country in a vulnerable position because the importing country can get the raw materials from anywhere, while importing finished products depends on their ability to pay.

Additionally, if South Africa is heavily dependent on exporting raw materials to a single or a few selected countries or markets, it becomes vulnerable. Ultimately, it becomes dependent on selling its raw materials as it has very few options. This becomes greater if there is no beneficiation of its own raw materials within its borders or geographic region. This is when South Africa, particularly in the mining sector, slips from asymmetrical interdependence to dependency. In contrast, China's investments in South Africa's banking and manufacturing sectors, as well as the country's debt to China, have increased its sensitivity to the Asian giant. However, South Africa's strength in the banking sector has made it less vulnerable to Chinese

influence in that area. Furthermore, South Africa has significant levels of industrialisation, and receives investments from several countries, including the USA, Europe, India, Turkiye, and Brazil, as well as development aid and loans from the IMF and World Bank. While this diversification weakens China's influence on South Africa especially in the banking and manufacturing sectors in the short term, South Africa's debt to China and importing of technology will likely make it a determining factor for assessing its sensitivity and vulnerability, and possibly dependency, in the longer term.

When I evaluate China's relations with South Africa and Ethiopia, China dominates the relations with its power because South Africa and Ethiopia are unable to currently maintain a current account surplus due to their higher imports compared to their exports and are unable to converse the surpluses into investments leading to Ethiopia and South Africa's sensitivity and vulnerability to China. In the context of Interdependence, Ethiopia appears to benefit more than China concerning investment, infrastructure opportunities, trade deficit, aid and debt and thus is more sensitive to China. In contrast, South Africa benefits from China's involvement in its economy through trade deficit, loans, investment in the manufacturing and mining industry, and infrastructure development, making it more sensitive to Beijing. China, in turn, seeks to fulfil its need for mineral resources and agricultural products from Ethiopia and South Africa while also requiring political support from these two strong political and economic powers in Africa, thus increasing its sensitivity to Ethiopia and South Africa. China's relations with Ethiopia and South Africa create an asymmetric interdependence where these two African countries have a greater degree of dependence on Beijing, whereas China is a less dependent actor because of its current account surpluses, sale of produced goods and up-to-date technology. Hence, China could retain policy control as a bargaining tool with South Africa and Ethiopia. In the event of severed relations between China and Ethiopia, China and South Africa, these two African countries may pay a higher cost.

Ethiopia, by contrast, has the greater potential risk of shifting the asymmetry towards dependency, but may maintain concentrated interdependence if given space and proper planning, and of course is less distracted by civil unrest. In contrast, South Africa has a higher level of industrial sophistication and a developed political system that enables it to negotiate and conduct business with China differently, especially based on human rights considerations. However, it is still dependent on Beijing, albeit to a lesser extent than other African countries, as it has borrowed the least finance from the Asian giant. The evaluation of the critical aspects of sensitivity, vulnerability, and dependency of Ethiopia and South Africa to China in asymmetrical interdependence relations between China and Ethiopia, China and South Africa, will be thoroughly examined in the fourth and fifth chapters. It is essential to ensure that all aspects are carefully considered and analyzed to arrive at an accurate conclusion.

Besides understanding the role of power in interdependence with two dimensions, sensitivity and vulnerability, three main characteristics of interdependence are also noteworthy in understanding different international political behaviours in interdependence. In that regard, The first characteristic of interdependence is multiple channels. For Nye and Keohane, this connected societies and included:

informal ties between governmental elites as well as formal foreign office arrangements; informal ties among nongovernmental elites (face-to-face and through telecommunications and transnational organizations (such as multinational banks or corporations). These channels can be summarized as interstate, transgovernmental, and transnational relations. *Interstate* relations are the normal channels assumed by realists. *Transgovernmental* applies when we relax the realist assumption that states act coherently as units; *transnational* applies when we relax the assumption that states are the only units (Keohane, Nye, 2012: 20).

Bureaucrats from various countries negotiate directly at meetings, on telephones, via emails and through written communications (documents). They also solidify these communications into agreements. Similarly, non-state elites often meet in organizations and during privately sponsored conferences. Moreover, transnational corporations and banks exert influence over both domestic and intergovernmental relations. The extent of government control over private enterprises and the proximity of business-government relationships vary across societies.

Nonetheless, the involvement of dynamic and large organizations that are not entirely controlled by governments has become a crucial aspect of managing both internal and external relations (Keohane, Nye, 2012: 20-21; Sladen, 2004: 24). Furthermore, in a world characterized by interdependence, various institutions such as the United Nations Security Council (UNSC), International Monetary Fund (IMF), World Trade Organisation (WTO), Asian Infrastructure Investment Bank (AIIB), and Belt and Road Initiative (BRI) have emerged and gained support. For instance, China, recognizing the shifting global dynamics, has effectively utilized these changing realities to establish itself as a crucial participant in the emerging new world order. Finally, by positioning itself as indispensable to these institutions, China has strategically acquired a significant role in the global system (Nye, 2020: 7-9).

The second characteristic of interdependence is the absence of hierarchy among issues. This meant that:

among other things, that military security does not consistently dominate the agenda. Many issues arise from what used to be considered domestic policy, and the distinction between domestic and foreign issues becomes blurred. These issues are considered in several government departments (not just foreign offices), and at several levels. Inadequate policy coordination on these issues involves significant costs. Different issues generate different coalitions, both within governments and across them, and involve different degrees of conflict. Politics does not stop at the waters' edge (Keohane, Nye, 2012: 20).

Interdependence theory takes into account a broader range of issues, including the environment, resources, technology, population, and communications. Interdependence does not assign a fixed hierarchical position to these issues on the political agenda. Keohane and Nye do not differentiate between the "high politics" of military affairs and the "low politics" of social issues. Consequently, in a system without a strict hierarchy among these issues, conflicts over national security and military matters are less likely to arise, and domestic issues can have an impact on foreign policy across multiple domains (Sladen, 2004: 24-25).

The third characteristic of Interdependence is the minor role of military force. Keohane and Nye argue that when complex interdependence prevails, the governments will refrain from employing military force against other regional governments over issues.

It may, however, be important in these governments' relations with governments outside that region, or on other issues. Military force could, for instance, be irrelevant to resolving disagreements on economic issues among members of an alliance, yet at the same time be very important for that alliance's political and military relations with a rival bloc. For the former relationships this condition of complex interdependence would be met; for the latter, it would not (Keohane, Nye, 2012: 20-21).

In that regard, it is possible to highlight the significance of interdependence in forming international relations. Interdependence can foster cooperative political relationships, but when strategic interests conflict, it can also lead to political discord, such as trade disputes, sanctions, and threats of force. However, despite the potential for discord, increased economic exchange and open international markets have the potential to decrease hostility between nations. Rana (2015), examining complex interdependence theory through the comparative analysis of neo-liberal and realist thoughts and cooperation and conflict, argues that interdependence is not limited to "peace and cooperation among actors, but a relationship between actors characterised by cooperation, dependence, and interaction in several different areas, and conflict as well." The risk of international armed conflicts cannot be overlooked in interdependence relationships, notwithstanding the increase in economic cooperation among partner countries.

However, in contrast to Rana's view that economic cooperation in interdependence relations can lead to conflict, Jon C. Pevehouse (2004) asserts that increasing levels of trade between partner states tend to increase positive interactions and cooperation, which in turn leads to more peaceful international environment with lesser international conflicts. Pevehouse acknowledges that realists argue that dependence on trade can lead to accelerated military and political conflicts, but he contends that dependency actually keeps trade partners from going to war.

Similarly, Jackson and Sorenson (2010) argue that during the Cold War, states prioritized security and survival based on their territory and natural resources, with economic and social affairs being less important. However, this perspective has shifted, with access to information, technology, and skilled human resources becoming more important markers of state success. This shift has led to increased interdependence between states, as they have become more reliant on each other for goods, services, and resources. For example, countries like Germany and Japan have sought economic interdependence rather than military strength in the post-Cold War period. Hence, interdependence is generally defined as mutual dependence. It also reflects economic globalization, as it represents the economic interconnection between two or more national economies through foreign investment and trade. For Jackson and Sorensen (2010), interdependence indicates more dependency and reciprocal relations between countries, as mutual economic dependence leads to political cooperation and a decreased likelihood of violent confrontations. In a similar vein, Keohane and Nye argue that the likelihood of aggression between nations has decreased in contemporary international relations, particularly

in the developed Global North. The growing interdependence between these countries is more likely to influence their foreign and domestic policies as the role of coercive military power recedes in decision-making (Keohane, Nye, 2012: 23-24-25; Sladen, 2004: 25).

In conclusion, there is a growing body of evidence to suggest that economic interdependence can lead to a more peaceful international environment. However, it is important to note that interdependence is not a guarantee of peace and that other factors can also contribute to conflict. For instance, the ongoing tensions between China and Taiwan and China's actions in the South China Sea have been major concerns for many in the international community, particularly Taiwan, Japan, Korea and the Philippines. Similarly, Russia's invasion of Ukraine raised alarm bells for realists who prioritize security as the top issue in international relations. The ongoing crisis in Syria and its effects on its neighbours and the re-igniting of the war in Palestine, potentially engulfing other states in the Middle East with Israel, has also added to these concerns. It is clear that these security-related issues will dominate attention for the foreseeable future despite growing interdependence in international politics. Yet this thesis contends that the interdependence of economies and their politics creates mutual interests and dependencies between states, which can make them more reluctant to go to war, leading to greater mutual, albeit at times tense, relations.

Nonetheless, when examining the relations between China and African countries, particularly Ethiopia and South Africa, it is evident that China is reluctant to engage in conflicts with these nations despite its global military and economic power. This suggests that China perceives Ethiopia as Africa's political centre and South Africa as its economic powerhouse. Furthermore, both domestic and international issues, such as economic growth, also shape the interstate agenda of these African countries. As a result, the mutual economic dependence between China and Ethiopia, as well as China and South Africa, fosters political cooperation and peace, utilizing economic production as effective institutional and economic instruments, such as trade, rather than relying on military power. China also values effective collaboration within international organizations, including the United Nations, World Health Organization, NATO, European Union, African Union, and BRICS, which serve as multiple channels characteristic of interdependence.

In this context, China has been able to exert influence within these organizations by aligning its policies with those of Ethiopia and South Africa, forming transnational and transgovernmental coalitions with each country, respectively. For example, Beijing utilizes platforms offered by international organizations like the African Union (AU), BRICS, and the Forum on China-Africa Cooperation (FOCAC) to strengthen its engagement not only with Ethiopia and South Africa but also with less developed African countries. These organizations also contribute to revitalizing potential coalitions in global politics by convening officials to promote peace and justice, integral aspects of human well-being. In this manner, China seeks to shape agendas through diplomatic and trade partnerships. These interdependent relationships have an immediate mutual impact, as increased economic cooperation through state and private institutions, such as banks and infrastructure companies, via investments and trade further enhances China's economic, political, and social collaboration with Ethiopia and South Africa, respectively. However, the long-term sustainability of interdependence hinges on the response

of the African states. If the responses lead to increased mutual dependence, it will result in the prosperity of African states and societies. Conversely, failure to do so may lead to new forms of control over Africa in the long run, potentially transforming the China-Africa partnership from one of interdependence to dependence, whether willingly or unwillingly.

Overall, within the context of International Relations (IR) as a disciplinary discourse, the dynamics of China's relations with South Africa and Ethiopia align closely with the principles of interdependence theory. Interdependence theory, which encloses significant political decision-making as described above as complex in relation to the multiple ways in which the world is interconnected, suggests that interdependence between countries is not solely due to material interests, protected by the maxim of "might-is-right" but is also about political decision-making. While material interests are not absent, the relationship between China and Ethiopia, China and South Africa is based on political considerations over a long term, rather than solely immediate material interests. It suggests that even though short-term interests and material interests, which are latent or not apparent at first, should be considered, there is always room for alternative ways of approaching politics and economic relationships.

In my research, I explored interdependence as a tool for soft and political diplomacy that provides for investment and economic opportunities, benefits, limitations and possible disadvantages. I framed my argument and assessment of the theory by examining three key sectors: trade, infrastructure development (which involves using Chinese finance, hardware, project management skills, and sometimes Chinese labour), and investments (partly in infrastructure and use of Chinese knowledge, tools, machinery, which entrenches their long term relationships, including dependency, and also in manufacturing and land). Overall, interdependence is not just about material interests but also about political decision-making. Soft and political diplomacy can be used as tools to further interdependence, particularly in trade, infrastructure development, investment, and development aid, primarily of a financial nature and loans.

1.4.2 Soft Power Theory

Power, a concept extensively explored in International Relations (IR) and the wider field of political sciences, has been the subject of ongoing scholarly analysis and elucidation. Scholars have generally classified power into three main categories: "Hard Power," "Soft Power," and "Smart Power" (which combines elements of both Hard Power and Soft Power) (Nye, 2004: 270; Wilson III, 2008: 115).

The concept of hard power refers to the use of state power to influence the actions of other actors through direct and forceful means, encompassing both economic and military capabilities (Ohnesorge, 2020: 37). The destructive nature of the World Wars in the 20th century served as a catalyst for the exploration of alternative forms of power, moving away from the predominant reliance on hard power. This led to the establishment of the United Nations, its Security Council, and various supporting organizations such as the International Monetary Fund, the World Bank, and the United Nations Educational, Scientific and Cultural Organization (UNESCO). These institutions aimed to provide alternative approaches to address conflicts and mitigate the impact of hard power (Yatagan, 2018: 72).

Joseph Nye coined the term "soft power" to describe the second form of power in his 1990 book *Bound to Lead*. Soft power refers to the ability of an actor to influence and achieve desired outcomes through attraction and persuasion rather than relying on coercive or deceptive tactics employed in hard power (such as threats or incentives). Soft power is derived from various sources, including culture, history, political values, and foreign policies, and is not limited to states but can also be possessed by companies, institutions, and non-governmental organizations. These entities can shape the desires and aspirations of others in line with their interests (Nye, 2012: 152-153). In simpler terms, soft power can be defined as "the non-coercive ability of a state (ranging from its foreign policies and political values to its cultural exports) that generates the attraction, admiration and aspirations of other states" (Tella, 2021: 1). Soft power quickly gained prominence in interstate relations.

For Nye, Soft Power and Hard Power are interrelated, though their methods and sources differ. For example, while soft power uses factors that increase the attractiveness of its possessor, hard power uses military and economic capability as a method (Nye, Jisi, Rosecrance, Guoliang, 2009: 18). However, at the same time, with the tangible features of hard power and the intangible elements of soft power intertwining, soft power can use economic sanctions, the sources of hard power, as a tool to increase its power (Ohnesorge, 2020: 54). For example, a strong positive image of the actor (soft power) increases the number of allied countries and its defence power (hard power). Also, the military power (hard power) in the face of any invasion also raises the image of the actor (soft power) (Cavus, 2012: 25). Another important example of transforming military power into soft power through persuasion is international military partnerships, exercises and training, conferences and meetings (Yatagan, 2018: 86).

Over the years, public diplomacy has emerged as a strategic tool to enhance soft power. Its objective is to foster trust and understanding between nations by disseminating information and supporting cultural exports, not only to engage with foreign governments but also to connect with their populations, with the aim of winning their hearts and minds and thereby generating soft power. The effectiveness of public diplomacy in generating soft power is directly related to the appeal of a country's cultural content, values, and policies (Nye, 2008: 95).

1.5. Conclusion

Economically interdependent countries can employ their economic ties to assert their soft power. For instance, a country with a strong economy is often viewed as a desirable partner. In that regard, Nye argues that China's economic success story has increased its soft power (Nye, 2020: 15). But crucially, a country's influence and reputation can be enhanced through investments, trade partnerships, and economic alliances. Furthermore, cultural diplomacy is an integral part of soft power, where a country promotes its cultural values and ideas to create a positive image. Cultural exchange and media dissemination are also crucial in shaping a nation's image. Overall, nations with robust soft power, backed by their equally robust political and economic systems, are expected to leverage their interdependent relationships more effectively, as favourable perceptions lead to greater collaborative and interdependent interactions. In the context of China, China's long-standing history, cultural heritage, and core values have made the utilization of soft power resources an inevitable component of its

domestic and foreign policy. China's military strength, recent economic development, and advancements in fields such as science, education, art, and media serve as key sources of its soft power, which plays a significant role in shaping its domestic and foreign policy agendas. The application of public diplomacy is particularly evident in China's approach to the African continent. Through infrastructure projects, development assistance, and investments across various sectors, China has cultivated friendly relations with African nations. Notably, its engagement with Ethiopia and South Africa has been further strengthened through initiatives like the Belt and Road Initiative (BRI).

Within this broader context, this thesis focuses on examining China's relations with these two countries, specifically soft power that is assessed as a part of the interdependence relations. Conversely, the impact of China on these two countries is also evaluated, and consideration is given to emerging debates as to how to characterise China's role with respect to these countries' economies and societies in terms of their sensitivity, vulnerability, and potentially sliding into dependency. In Keohane and Nye's interdependence theory, vulnerability does not go far enough in a world where inequalities and vast differences in the Human Development Indexes are so wide that it makes it very difficult for states like Ethiopia and South Africa to avoid slipping into periods or stages of dependency. Hence, by incorporating dependency into interdependence, Kvangraven's dependency theory idea will also be operationalised to analyse China-Ethiopia and China-South Africa relations. According to Kvangraven, dependency is not static. It can evolve over some time, either improving society with a more equitable and mutually beneficial relationship between nations through shaping an economy with various factors such as technology, foreign investment, financial limitations, production ownership, and consumption patterns or leading to a new form of dependency through exporting a single product, importing finished goods, providing cheaper labour, having more power, control and influence over the relationship than the other and costs of severing a relationship. As a result, asymmetrical interdependence with these political complexities, military dominance, resource distribution, trade imbalances, cultural hegemony, and technological advancements may turn into dependency relations between China and Africa, specifically Ethiopia and South Africa.

In the next chapter of the thesis, the research framework and methods will be presented. It will detail the approach taken to gather and analyze data, as well as the tools and techniques used to conduct the research. This chapter will provide a clear understanding of the research process and how the findings were obtained.

Chapter 2

Research Area and Methodology

2.1. Introduction

Research for this thesis on comparing the relationships between China and Ethiopia, China and South Africa was comprised of a combination of qualitative research approach, case study, semi-structured interviews with key participants, and descriptive data analyses through the lens of interdependence theory, a new concept of dependence theory and soft power in international relations to explain these relationships in the context of the BRI project.

I indicated initially in the thesis proposal that interviewees would be selected by using key informants such as at least one representative staff member in the Chinese embassies and consulates in Addis Ababa, Johannesburg, Pretoria, and Cape Town, respectively, representatives in ministries of trade, politicians and civil servants at various levels, academicians and experts in the departments of international relations in Ethiopia and South Africa as the primary research material. Primary sources would also be policy position papers; policy documents; statistic reports; trade figures; and archival material such as agreements in trade, infrastructure, culture, tourism and politics among these countries, as well as journals, newspapers and magazines. African public perspectives on China obtained from newspaper reports and other media would also be used in the thesis to analyse relations between China, Ethiopia and South Africa. Obtaining the views of both the public as diplomats and government officials would be done specifically to determine the importance of South Africa and Ethiopia for China to play a role in the BRI project.

I initiated data collection in 2020, but the COVID-19 pandemic disrupted the research process for approximately two years. The pandemic presented significant challenges, particularly in conducting interviews with Ethiopian, South African, and Chinese officials as originally planned. The widespread impact of the pandemic created disruptions that made it difficult to arrange virtual interviews with government officials and experts using platforms like Skype, Zoom, and Teams, as they were heavily occupied with their governmental responsibilities. Despite these obstacles, the researcher was able to conduct interviews with some government officials in Addis Ababa in late 2021 and early 2022 as the pandemic situation eased and some places began to reopen. However, similar opportunities did not arise in South Africa.

Consequently, I relied heavily on documents and archives for gathering data. I obtained policy documents, statistical reports, trade figures, and newspapers from Addis Ababa (Ethiopia) and Cape Town (South Africa). However, I encountered difficulties in accessing agreements related to trade, infrastructure, culture, tourism, and political decisions in relations between China and Ethiopia as well as China and South Africa. These agreements are crucial to understanding the power dynamics in relationships because the strength of countries can impact their bargaining power in interdependent relations. The stronger party usually has the upper hand in negotiations and decision-making, which can significantly affect the outcome. Unfortunately, I was unable to access the agreements between China and Ethiopia/South Africa, making it difficult to determine precisely how China influenced the negotiations with these African countries. However, it is clear that China holds significant economic and political power in these

relationships, and this could affect the terms and results of negotiations, so countries must consider the balance of power and strive for fairness in their relationships.

Furthermore, obtaining comprehensive information on China's aid and loans to African countries, specifically Ethiopia and South Africa, was challenging due to limited data-sharing by China and the lack of detailed information provided by governments, which impeded access to the necessary data. However, I tried to overcome these difficulties by looking for alternative sources of information such as archives, published analyses, interviews from magazines and newspapers, reports, and media sources. I also used resources from reputable government ministries, think tanks, and institutions such as the World Bank, the National Bureau of Statistics of China, the United States Census Bureau, Wesgro, the South African Institute of International Affairs (SAIIA), and the John Hopkins China-Africa Research Initiative. Despite these challenges, the researcher made every effort to gather information about South African and Chinese perspectives and accomplish objectives by trying to contact both the Chinese and South African diplomats and civil servants for interviews. Therefore, with this effort, I tried to prevent these restrictions from hampering any significant reflection in the conclusion of the thesis.

In addition, the thesis faces limitations due to the lack of Chinese input and understanding of Chinese sources. However, I was able to find alternative sources of information in English, such as reports, archives, media sources, interviews from newspapers and magazines, and published analyses. Hence, despite these limitations, the methodology of the study remained unchanged.

2.2. Research Methods

In this research, I adopted a qualitative research approach, case study, descriptive data analysis and semi-structured interviews with key participants in the interdependence relationships between China and Ethiopia, China and South Africa.

Qualitative research focuses on exploring subjective experiences, attitudes, and opinions through methods like interviews and observation. Qualitative research aims to provide a detailed and in-depth analysis of a specific phenomenon, aiming to uncover new insights and meanings (Mcleod, 2023). Hence, qualitative research provided a more detailed and comprehensive analysis of the interdependence relations between China and Africa, specifically Ethiopia and South Africa. It was also important to balance the methodological aspects of the research with a holistic approach that took into consideration the contextualised nature of the relationship and its asymmetries. This helped in gaining a nuanced understanding of the phenomenon being studied.

Moreover, I collected statistical data and performed some basic statistical procedures, such as calculating averages. This does not qualify as using quantitative analysis. Instead, the researcher relied on statistics provided by various reputable organizations and research institutes as well as public documents provided by China, Ethiopia, and South Africa, particularly on their websites, and as required by international law. I then qualitatively analysed the information, a critical part of the thesis's methodology.

I deployed a case study approach within the scope of the qualitative research approach. The case study approach involves thoroughly examining a specific case or cases to obtain a deeper and more complete understanding of the investigated subject. By employing a case study approach, the research seeks to comprehensively understand various aspects of a social occurrence by analysing its constituent elements and examining their interconnectedness. The studies investigate a particular case in detail, including an individual, group, organisation, event, or community. To gain a better understanding, researchers use a variety of data sources, including interviews, observations, documents, and artefacts. This broad range of data sources enables the researcher to create a thorough, well-rounded perspective (Yin, 2018). In this thesis, although interviews and gathering data from direct sources within the relevant state departments of South Africa and China were not possible, I believe that the data obtained from reputable other sources is sufficient to provide a thorough, grounded perspective. Hence, in the thesis, the case studies explore how African countries in general, Ethiopia and South Africa in particular, conduct their interdependence relations with China. As China is a dominant and less dependent power in relations with Ethiopia and South Africa, it is essential to identify effective strategies for reducing vulnerability and sensitivity and ensuring mutual benefit in these relationships. In that regard, I analysed policy and legislation, including statements made by various leaders of the three countries and other commentators. Such an approach to policy and legislation requires understanding not only the variety of data alluded to above but also the viewpoints of the respective governments.

Descriptive data, such as percentages, averages, and other statistical analyses, are preferred by researchers to gain insights into the economy and society (Nassaji, 2015: 129). This study gathered data from multiple sources to examine China's investment, aid, and infrastructure loans to Africa in general, with a specific focus on Ethiopia and South Africa. Descriptive data analysis was employed to tabulate and calculate these figures. Various statistical reports from organisations like the World Bank, the National Bureau of Statistics of China, the United States Census Bureau, the IMF, Wesgro in Cape Town, the Federal Democratic Republic of Ethiopia Ministry of Trade, the Federal Democratic Republic of Ethiopia Ministry of Finance and Economic Development, the Ethiopian Road Authority, the Ethiopian Investment Commission, and think tanks such as the South African Institute of International Affairs (SAIIA), the John Hopkins China-Africa Research Initiative, and the Ethiopian International Institute for Peace and Development were utilised. However, it is important to note that limitations exist when finding statistical data on China's debt and aid to African countries, particularly Ethiopia and South Africa, due to the selective release of data by the Chinese government. Despite these limitations, the data obtained informed the study, considering the critical differences observed among the statistical reports from Ethiopia and South Africa about China. The obtained data is presented and discussed to extract key points contributing to informed conclusions.

Semi-structured interviews with key participants were also conducted in the thesis. Semi-structured interviews involve a pre-determined set of questions or topics to guide the conversation but also allow the interviewer to delve deeper into certain responses and explore related areas. This approach offers a conversational and flexible style while still ensuring some level of standardisation (Creswell, 2018). It offered an opportunity to comment and tell their views on the diplomatic, economic, and political relationships in Ethiopia for diplomats and analysts. I found limitations to conducting interviews and obtaining documents related to South Africa and China relations. Due to the Covid pandemic, travel within South Africa was severely

limited from 2020 to 2022. Despite the efforts to interview government officials through various means, such as telephone and video conferencing, most officials were unavailable due to pandemic regulations. Therefore, the researcher had to rely on documents and archives to gather information about China and South Africa.

By using a qualitative research approach, case study, descriptive data analysis and semi-structured interviews with key participants in the context of the BRI, the researcher analysed the interdependence relations between China and Africa, with a focus on Ethiopia and South Africa by evaluating how China's investment, infrastructure building, aid, grants and trade in these countries led to an increasing trend towards dependency relations. In addition, qualitative methods and case studies operationalise detailed information and a deeper understanding of the contextual factors influencing sensitivity and vulnerability. By doing so, I established links between different concepts and methods.

Based on the analysis of a qualitative research approach, case study, descriptive data analysis and semi-structured interviews with key participants, it is evident that the results clearly demonstrate the validity of the chosen approach in achieving the desired outcomes. Regarding China's financial contributions, it is important to note that this type of finance does not necessarily lead to interdependence. Instead, what happens is a form of return that is directly proportional to the amount of money invested. It is all about the figures- money comes in, and what goes out determines the level of interdependency in the relationship.

As countries like China and Africa, particularly Ethiopia and South Africa, continue to engage in interdependent relationships, there is a need to consider the potential transition from interdependence to dependence in their relationship. Several factors can contribute to this, including power asymmetry, economic interdependence, reliance on critical resources, technology or infrastructure, strong bargaining power, political coercion, and international relations rules. For example, China holds a dominant position in its relations with African nations such as Ethiopia and South Africa and recognises its advantages over these countries regarding economic, military, political, and technological capabilities. In addition, as the more economically powerful entity, China may leverage its economic influence to shape the terms of the relationship, controlling access to markets, investments, or essential resources, thereby putting the less powerful party in a position of economic dependence. The technological gap between China and Ethiopia/South Africa may also be a significant factor because China can control access to critical technologies, making these African nations dependent on China's technological expertise.

Moreover, asymmetry in bargaining power may lead to China dictating terms that favour its interests and shape the outcomes of negotiations, making it more likely for the relationship with Ethiopia and South Africa to evolve towards dependence. Political factors can also play a critical role in the transition to dependence. As a more politically influential state, China may use its power to coerce Ethiopia and South Africa into accepting unfavourable policies or terms. The rules and institutions governing international relations can also shape the nature of interdependence, with China dominating international institutions and using them to advance its interests, leaving Ethiopia and South Africa in a position of dependence on China's interpretation of the rules. Furthermore, interdependence often involves multiple actors, including non-state entities such as multinational corporations. Ethiopia and South Africa's overreliance on China for economic activities or market access can wield significant influence,

potentially leading to a dependence scenario. China provides assistance, aid, or investments to Ethiopia and South Africa. This assistance can create dependencies because they become reliant on the economic or political benefits provided by the more powerful partner. However, African nations like Ethiopia and South Africa may attempt to navigate these dynamics by seeking alternative partnerships, alliances, or strategies to mitigate dependence.

In that regard, I commented on the findings in broad terms. It is evident that the Belt and Road Initiative (BRI) has created asymmetrical interdependence relations between China and Ethiopia, as well as China and South Africa, which align with certain ideas.

As a result, Ethiopia and South Africa, despite being important in terms of economics and politics within the African continent, have significant differences in areas such as financial systems, market economies, foreign capital, stock exchanges, infrastructure, and natural resources. It is significant to note that interdependence does not necessarily mean that dependency disappears completely. Instead, it tends to shift and evolve over time. This means that it is important to recognize and adapt to these changes in order to maintain healthy and productive relationships. Hence, their relationships with China, which are asymmetrical in nature, can potentially turn into dependence on China. It's significant for Ethiopia to take steps to reduce its reliance on China, while South Africa should focus on maintaining interdependence relations with China.

2.3. Data Collection Methods

2.3.1. Primary Data

In this thesis, I conducted an extensive analysis that focused on examining the project's scope within Ethiopia and South Africa. To ensure the research's accuracy and reliability, I employed a wide range of primary and secondary sources.

The primary sources encompassed a diverse collection of materials, including policy position papers, policy documents, statistical reports, trade figures, and archival materials. These invaluable sources were obtained from reputable government ministries, such as the Federal Democratic Republic of Ethiopia Ministries of Foreign Affairs, Trade, and Finance and Economic Development, Ethiopia's Road Authority, Ethiopia's Investment Commission, and South Africa's Western Cape provincial government's Wesgro (a Tourism, Trade, and Investment Promotion Agency for Western Cape). Additionally, websites of esteemed organizations like the World Bank, the United States Census Bureau, the IMF, the People's Republic of China Ministries of Foreign Affairs and Commerce, the National Bureau of Statistics of China, Embassy of the People's Republic of China in the Republic of South Africa, the State Council Information Office of the People's Republic of China, Chinese AIDDATA, the South African Government, Parliamentary Monitoring Group, From the Desk of the President, Statista, Minerals Council South Africa and think tanks such as the South African Institute of International Affairs (SAIIA), the John Hopkins China-Africa Research Initiative, and the Ethiopian International Institute for Peace and Development provided valuable primary information.

All these resources shed light on African leaders' and the state bureaucrat's perspectives on China in general and Ethiopian and South African bureaucrat's outlooks on China in particular.

2.3.1.1. Key Informant Interviews

Semi-structured interviews with key participants were used to test the hypothesis and main arguments of the thesis. However, during the data collection period, the COVID-19 pandemic posed challenges to the research process as it made it impossible to conduct interviews with Ethiopian, South African, and Chinese officials as intended. As the pandemic led to widespread disruption, it even hindered my efforts to arrange virtual interviews with government officials and experts through platforms like Skype, Zoom, and Teams, as most were unavailable due to their governmental commitments. Despite these challenges, the researcher was able to conduct interviews with some government officials in Addis Ababa in late 2021 and early 2022 as the pandemic slowed and places began to open up.

As part of the qualitative analysis, I conducted face-to-face interviews with some government officials in Addis Ababa, Ethiopia, which provided valuable perspectives on policy decisions. Interviewees were shortlisted based on a key parameter of their involvement in policymaking and, as such, included key informants like the Asia and Pacific Affairs Directorate General in the Ministry of Foreign Affairs, Director in the Ministry of Trade, Director of Ethio-China Cooperation in the Ministry of Finance and Economic Development, Director in the Ethiopian Road Authority and Director in the Ethiopian Investment Commission, academicians and experts in the departments of international relations in Ethiopia. This was the primary research material. The researcher also obtained additional empirical data from the authorities upon request during the interviews in Ethiopia. I graduated from Addis Ababa University with a master's degree and knew many in the Addis Ababa-based diplomatic corps and how to access intended interviewees. The views of both the public as diplomats and government officials were obtained to determine Ethiopia's importance for the BRI and analyse interdependence relations with China.

However, I faced enormous difficulties in reaching officials for interviews from the Chinese Embassy and the AU, despite efforts to make contact with the Chinese embassy in Addis Ababa and the African Union headquarters. I visited these locations multiple times on June 24, June 29, July 2, and July 12, 2021, and even sent an email, but unfortunately, was unable to arrange an interview.

In addition, despite the COVID-19 restrictions on intra-country mobility and international travel in and out of South Africa, I attempted to conduct field research in Johannesburg and Pretoria on December 9, 2020. However, I was unable to reach South African government officials from various organizations, including the Chinese Embassy in Pretoria, The Department of International Relations and Cooperation, The Department of Trade Industry and Competition, and the South African Institute of International Affairs (SAIIA). I again made several attempts to contact officials from the Chinese Embassy in Pretoria, the Chinese Consulate General in Cape Town, Wesgro, and Hisense South Africa on different dates (on 29 January, 22 February 2021, 20 July, 19 August, 1 September, 10 September, 12 September 2022) but was not able to get a response from them. The only response received from Chinese officials was to refer to their website for information.

As a result of these limitations, I was not able to interview at least one representative staff member in the Chinese Embassies and Consulates in Addis Ababa, Johannesburg, Pretoria, and Cape Town, respectively, representatives in ministries of trade and Wesgro, politicians and civil servants at various levels, experts in the departments of international relations in South Africa, especially in Pretoria. Hence, I looked for alternative sources to supplement information, such as archives, other published analyses, interviews from magazines, reports, and media sources about their countries and other resources, subject to a critical perspective drawn from the overall aims of the objectives of this research project and its theoretical framing to gather information about South African and Chinese perspectives. The alternative sources are detailed in the text of the various chapters and the reference list/bibliography.

2.3.2. Secondary Data

To complement the primary sources, the researcher gathered relevant and up-to-date newspaper sources from Addis Ababa (Ethiopia) and Cape Town (South Africa), including publications like the Ethiopian Herald, the Fortune, The Reporter, Capital, Cape Argus, and Business Day.

The thesis incorporated African perspectives, specifically from Ethiopia and South Africa, on China's relations with these countries. Newspaper sources were utilized to analyze these perspectives. However, it is important to acknowledge that newspapers may not offer a comprehensive portrayal of the attitudes and perspectives of both countries. Relying solely on newspaper sources for analysis has limitations, as it does not provide a holistic understanding of the views of citizens. Without conducting a survey to gauge the opinions of the population, there are inherent constraints to relying exclusively on newspaper sources.

I also reviewed secondary data from academic literature and took a critical stance on the assumed multiple perspectives presented in these sources.

By utilizing this diverse range of sources, I have intended to present a comprehensive, triangulated and well-rounded analysis in the thesis, given the conceptual and thematic framing of the issues analysed in the succeeding chapters, ensuring the robustness and validity of the findings and conclusions, given the inherent limitations.

2.4. Ethical Consideration

As per the UCT code of conduct and policies, the research was conducted with utmost virtue and adherence to ethics clearance. This involved following the rules of the ethical approval committee of the University and the Centre of African Studies. To initiate the research or data collection process, permission was initially sought to access contact details in accordance with UCT guidelines. Subsequently, despite attempts to get permission to interview key personnel from the Chinese Embassy and consulates in Addis Ababa and Pretoria, as well as representatives from the South African governments, the researcher was unable to obtain the data as previously mentioned.

In order to ensure full acknowledgement of the sources used in the thesis, every contribution and quotation was attributed accordingly.

2.4.1. Consent Letters

All of the interviewees the researcher spoke with were informed about the purpose of the research, the specific data that was needed, and why they were chosen to participate. Once they understood these important details, they were able to give their consent and agree to take part in the interview. Throughout the process, their identities were kept confidential and anonymous, and any personal details they requested to withhold were respected and protected through the signing of a consent form.

2.4.2. Anonymity of Data Collection

During the interview process, if any of the participants hesitated or declined to answer certain questions, the researcher made sure that their decision was fully respected. I emphasised the importance of confidentiality and ensured that every respondent was aware of their rights before participating in the study.

2.5. Conclusion

In the thesis, I operationalised the concept of interdependence and methodology through theoretical concepts such as asymmetry, sensitivity, vulnerability and dependence. Firstly, asymmetry refers to the unequal benefits that states receive in international relations. I applied this concept when China dominated its relations with African countries, specifically Ethiopia and South Africa, due to China's political influence, technological advancements, resource disparities, and trade imbalances. Secondly, sensitivity relates to the role of power in interdependence and varying levels of responsiveness within a policy framework. I recognised this concept when China shaped relations with Africa, Ethiopia, and South Africa, particularly with its economic power on trade, interconnections, and resources. Thirdly, vulnerability is another concept used to understand the political structure of interdependency relationships. I characterised vulnerability when China had the ability to establish the rules of the game because of economic inequality, dependence on a single industry or export, and debt levels and costs of severing a relationship influencing African countries, Ethiopia and South Africa's economic vulnerability. Fourthly, dependence is not a static paradigm that can evolve, either improving society and its economy or leading to a new form of dependency, as stated in Kvangraven's dependency approach. I highlighted dependence when African countries, particularly Ethiopia and South Africa, became increasingly reliant on China by continuing to export raw materials and agricultural products to China and import finished goods from China, providing cheap labour to China, receiving debt and financial assistance from China, and limiting options or alternatives.

In this context, I identified the potential risks associated with sensitivity, vulnerability, and dependence in asymmetrical interdependence relationships by using the data I gathered over the last 25 years on investment, infrastructure development, manufacturing, development aid, and trading. These relationships revealed a pattern of interdependence in which one country was more sensitive, vulnerable, or dependent on another. These concepts and the conceptual framing assisted my interpretation of the data as I collected and analysed it.

Overall, in such circumstances, there is a possibility that the stronger party may have an advantage in terms of power dynamics, and so in the thesis, I incorporated dependency into interdependence by characterising these concepts (asymmetry, sensitivity, vulnerability and dependence) through focusing on infrastructure projects, investment/loans, trade, aid and he related diplomacy-political aspects to understand better and see both sides of the coin in positive and negative aspects of interdependence relations between China and Africa, Ethiopia, and South Africa that have asymmetrically different power.

With regard to the incorporation of theory and method, according to Keohane, the current political-economic system should not be accepted as natural or good, as it is plagued by injustice and inequality, which are inherent in the international political economy. Hence, it is important to prioritise problem-oriented research that focuses on significant questions by paying attention to rigorous qualitative methods, and can shed light on these questions (Keohane, 2009: 42-43). In that regard, to implement these concepts in the thesis, I used a qualitative research method, a case study approach, descriptive data analysis, and semi-structured interviews with key participants in the interdependence relationships between China, Ethiopia, and South Africa.

I gathered data on China's investment, infrastructure, loans, aid to Africa and trade with Africa with a focus on Ethiopia and South Africa from various sources, including policy documents, policy position papers, statistical reports, trade and investment figures, and reports from organisations the World Bank, the National Bureau of Statistics of China, the United States Census Bureau, the IMF, Wesgro in Cape Town, the Federal Democratic Republic of Ethiopia Ministry of Trade, the Federal Democratic Republic of Ethiopia Ministry of Finance and Economic Development, the Ethiopian Road Authority, the Ethiopian Investment Commission, and think tanks such as the South African Institute of International Affairs (SAIIA), the John Hopkins China-Africa Research Initiative, and the Ethiopian International Institute for Peace and Development, archival materials, newspaper sources from Addis Ababa and Cape Town to examine interdependence relations that may turn into dependence between China and African countries, particularly Ethiopia and South Africa with the concepts of asymmetry, sensitivity, vulnerability an dependence. These documents and data are vital in tracking change and progress and identifying these concepts in interdependence relations.

In that regard, descriptive data analysis, as a qualitative research method aiming to provide a detailed and in-depth analysis of interdependence relations between China and Africa and to uncover new insights, is indeed a valuable tool that contributed significantly to the thesis's definition of the concepts of asymmetry, sensitivity, vulnerability, and dependence in the relationships. It also helped operationalise theoretical frameworks and methods through data by providing significant understanding. The use of descriptive data analysis allowed the researcher to gain a deeper understanding of the data and draw meaningful conclusions.

As well as descriptive data analysis, I attempted to analyse the documents to be wary of over-reliance on documentation, and so evaluated materials through document analysis as a qualitative research method. In that regard, according to Bowen (2017), document analysis has limitations and advantages. As an advantage of the document analysis method, it is a cost-effective and efficient method of gathering information. For instance, when collecting new data

was not possible for the researcher, data stored in documents allowed the researcher not to evaluate the quality of those documents. Secondly, documents are non-reactive, meaning they remain stable and unaffected by the research process. To give an example, when I gained documents about related political aspects such as mutual visits between China and African countries, document analysis made them suitable for repeated reviews.

Furthermore, documents often contain exact names, references, and details of events, making them a valuable resource for researchers. For instance, when I used the documents and benefited from the references, they helped her reach other resources. Lastly, documents provide broad coverage, as they can cover a long time and many events and settings. For example, the thesis included the period from 1994 to 2019, covering a lot of events between China and African countries, particularly Ethiopia and South Africa. However, document analysis also has its limitations. Retrieving certain documents can be difficult or impossible, especially if access is deliberately blocked. For example, when I faced a problem in reaching data such as agreements signed between China and African countries, aid and loans of China from direct sources within the relevant state departments of South Africa and China were not possible, this limited collection of documents made the researcher biased in its selectivity, reflecting the China and South Africa's organisations generated them (Bowen, 2017: 31-32).

In addition, in the thesis, I used the semi-structured interview method with key participants from government officials in Ethiopia. I informed the participants and gained helpful perceptions to recognise Ethiopians' perspectives towards China's investments, infrastructure projects, aid and loans, and trade relations. These views made Chapter 4 stronger in demonstrating Ethiopian gains from partnerships with China. However, in Chapter 5 related to China and South Africa, although there were some obstacles in meeting with officials from both South Africa and China to gather diverse perspectives, the insights of government officials gleaned from newspapers and other documents provided valuable information to bolster Chapter 6's analysis of the relationship between the two nations. Ultimately, using multiple sources helped strengthen the chapter's argument.

Overall, the combination of document analysis, descriptive data analysis, and semi-structured interviews with key participants in the interdependence relationships between China, Ethiopia, and South Africa has been pivotal in this thesis. These methods have not only provided valuable insights but also served as the foundation for building a robust theoretical framework for the concepts of asymmetry, sensitivity, vulnerability, and dependence. The researcher's use of these methods, despite their limitations, underscores their value as a tool for research and their contribution to the understanding of China-Africa relations.

2.6. Thesis Outline

The broader outline of the thesis is as follows: Chapter 1 serves as an introduction, addressing the problem statement, research objectives, literature review on the BRI Project, and the theoretical framework; Chapter 2 outlines the research framework and methods, providing details of the data collection methods employed; Chapter 3 focuses on the analysis of China's BRI project and its impact on Africa, exploring the relations between China and the African continent; Chapter 4, the emphasis shifts to Ethiopia, highlighting its significance in China's

BRI project and examining the relations between China and Ethiopia; Chapter 5 centers on South Africa's role and response to China's BRI project, as well as the relations between China and South Africa; and finally, in Chapter 6, the thesis concludes and presents the implications that the BRI holds for Africa, particularly in the policy domain.

Chapter 3

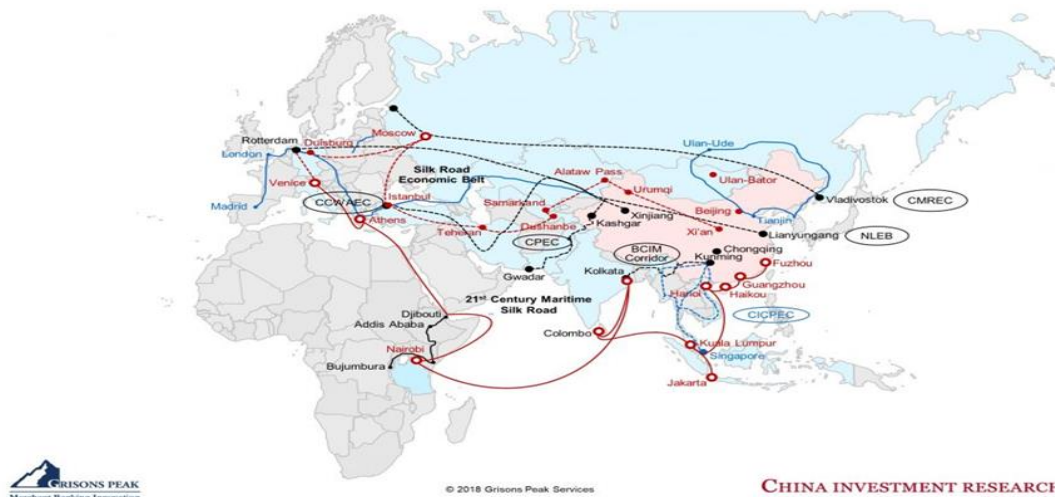
China's BRI Project: Its Role and Effect on Africa

3.1. Introduction

The One Belt One Road Initiative (BRI), also known as the Belt and Road Initiative (BRI), was introduced by Chinese President Xi Jinping in 2013. The land-based component of this initiative, called the New Silk Road Economic Belt, spans across Central Asia, the Middle East, and Europe. It consists of three main land corridors: the Southern section that connects Southern Asia, the Near East, and Southern Europe; the Central section that links Central Asia through the Russian portion of the route from Kazakhstan; and the Northern section that utilizes the Trans-Siberian Railways (Wronka, 2017: 109; Schinas, Westarp, 2017: 186).

Map 1: BRI Map-Six Economic Corridors (June 2017)

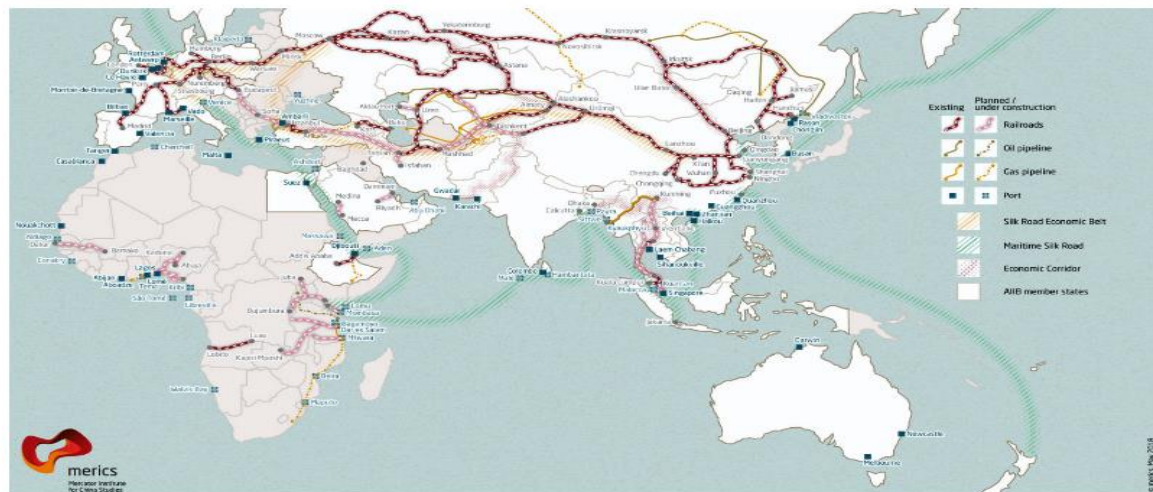
BRI Map – Six Economic Corridors (June 2017)



Source: China Investment Research, <http://www.chinainvestmentresearch.org/special-feature/bri-map-2/>

Map 2: Global BRI strategy: Roadmap

Attachment 3: Global BRI strategy: roadmap



Source: MERICS, 2020

Source: MERICS, 2020, <https://www.eurasiareview.com/04082021-chinas-belt-and-road-initiative-genesis-and-development-analysis/>

The BRI project has an important maritime component, the 21st Century Maritime Silk Route. A month after announcing the reincarnation of the Ancient Silk Route through the BRI, Chinese President Xi Jinping declared the establishment of the Maritime Silk Road during a speech in the Indonesian Parliament in October 2013. The objective was to enhance maritime cooperation and partnership with countries in the Association of Southeast Asian Nations (ASEAN) and the wider global community. While the New Silk Road focuses on land connectivity across Eurasia, the Maritime Silk Road aims to leverage existing ports and establish new maritime links, connecting China with Southeast Asia, South Asia, Africa, the Middle East and Europe. These connections traverse the Mediterranean Sea, the Indian Ocean, and the South China Sea. The 21st Century Maritime Silk Route aims to create an amiable environment to enhance cooperation with other countries. The strategy includes six island and 40 coastal countries with maritime and multiple transport choices, respectively (Chang, 2018: 148). It is important to note that although South Africa does not appear on China's maritime map for the Belt and Road Initiative (BRI), it remains a significant player in the project. The White Paper titled "China and Africa in the New Era: A Partnership of Equals" (2021) states that:

"The Belt and Road Initiative is not a 'solo' but an 'orchestra' in which the participation of China and African countries is indispensable. In December 2015, South Africa became the first African country to sign an agreement on cooperation with China as part of the BRI".

South Africa holds membership in various international organizations, including the World Trade Organization (WTO), the United Nations (UN), the Group of Twenty (G20), BRICS, the African Union, the Southern African Development Community (SADC) and the Southern African Customs Union (SACU). This positions South Africa as a key player in the global economy. It is recognized as one of the ten strategic partners of the European Union and a comprehensive strategic partner of China. South Africa boasts a robust banking and economic system, abundant natural resources, and well-established port facilities. Moreover, it holds the

status of being China's largest trading partner in Africa and has facilitated free trade between China and SACU countries. These factors make South Africa economically significant in the Belt and Road Initiative. In summary, despite not being explicitly featured on China's maritime map, South Africa plays a substantial role in the BRI. Its involvement in multiple international organizations, strong economy, and strategic location position it as an important partner for China in the BRI project.

The announcement of the Belt and Road Initiative (BRI) by Chinese President Xi Jinping in 2013 sparked discussions about the contemporary relevance of the Silk Route and envisioned a modern version of it, connecting Asia, Africa, and Europe. China's primary objective with the BRI is to enhance investment, infrastructure, and trade across these regions. Africa holds particular significance in Beijing's BRI strategy (Samson, 2011: 62), and this chapter aims to assess the project's impact on the continent's development through infrastructure projects, foreign direct investment (FDI), loans, and aid. Additionally, it is crucial to examine China's asymmetrical interdependence leading to dependence relations with African countries to provide context for the significance of the BRI. In this thesis, asymmetry is operationalised in the context of Africa's relations with China through trade imbalances, debt dependency, investment, infrastructure development, and aid, increasing African countries' sensitivity and vulnerability to China.

China's pursuit of the project is motivated by four main factors. Firstly, China's growing economy requires a reliable supply chain of energy, minerals, and other raw materials. The African continent, with its abundant resources, holds significant importance in fulfilling this need (Payne, Veney, 1998: 876-877). Secondly, China aims to export its manufactured goods to various markets. African consumers, attracted by the competitive prices of Chinese products compared to Western imports, provide a receptive market. Additionally, African governments, under pressure to show development progress, have welcomed Chinese investments, particularly in infrastructure development. Thirdly, China seeks diplomatic support in international forums, such as the United Nations, where African countries constitute a significant portion of General Assembly members. Lastly, to protect its One-China policy, China aims to ensure that African countries do not challenge its position by showing support for Taiwan's political status. These factors drive China's engagement with Africa (Hanauer, Morris, 2014: 5; Shinn, 2015: 87; Alden, 2005: 147-148). It seems that these factors are important in understanding interdependence and dependency relationships in terms of sensitivity and vulnerability.

On the other side, Africa aimed to shift its reliance on the IMF, USA, or Europe and African countries have equally manifested optimism about China's engagements in the continent, which they consider aligns with their developmental objectives. This includes mitigating chronic poverty by generating income, stimulating domestic consumption, supporting industrialisation, promoting economic development, and helping further integrate their global economies. The African leaders viewed China's industrial developmental model as a model for stimulating their stagnant development. In addition, Beijing's charm increases as China is comfortable with a free trading market but prefers it to be on its terms rather than that of IMF, USA and Europe.

It further does not condition its aid and investment to issues like human rights protection, democracy or eradication of corruption (Smertin, 2016: 235; Samson, 2011: 63). This increases the allure of China for authoritarian regimes for building strategic partnerships based on mutual benefit and equality. However, ostensibly democratic and market-oriented countries such as South Africa, Kenya, Botswana, Nigeria, and Namibia are also close to China. This is because many countries, regardless of their political ideologies, seek to establish partnerships that respect their sovereignty while promoting economic growth. China's non-interference policy and approach to development assistance can appeal to many nations looking to diversify their international partnerships and reduce their dependency on any single country or region. In addition, global power dynamics are evolving, and countries are encouraged to establish relationships that reflect these shifts. South Africa's engagement with China as a representative of BRICS is a testament to the benefits that can come from such partnerships. Ultimately, countries like South Africa engage with China based on their specific national interests and the pragmatic benefits they perceive from such relationships.

Hence Africa looked at China as a potential alternative despite the obviously asymmetrical nature of their relationship. This thesis seeks to explore whether Africa's shift towards China is an attempt to establish a more balanced, albeit asymmetrical, partnership. This chapter serves as a groundwork for a more detailed analysis that will be presented in chapters 4 and 5.

3.2. Contemporary Relations: 1990-2019

The Sino-African relations progressed within the framework of the principle of mutual dependency. Amidst the Western sanctions like the military embargo, economic boycott and political isolations on China over the Tiananmen Square incidents of 1989, China earnestly strived to establish coalitions with various African countries and, in that context, utilized its foreign economic assistance activities in the continent accordingly. Resultantly, countries like Namibia, Angola and Burkina Faso emerged as prominent partners of Beijing as China strived to build a potent alliance to withstand Western sanctions by enforcing a veto in favour of Beijing in the United Nations Security Council (Zheng, 2010: 272; Tull, 2006: 459). Therefore, China considered Africa as an essential partner for its international politics. Accordingly, as Ian Taylor (1988) argued, Beijing aimed to improve political stability by helping infuse economic growth that could give African countries a more powerful representation in the international arena, especially in forums like the UNSC.

China returned the favour by shielding African regimes through forums like G77 within the UN from international sanctions.⁶ This manifested Sino-African solidarity at the international forums infuriated Western states, which considered the behaviour of African states as an obstacle to the consensus necessary to operate as an international community. As Samson

⁶ International sanctions of the UN and AU are usually because of 'total rejection of unconstitutional changes of Government' and gross human rights violations against apartheid regime in South Africa, Libya (1992-2003), Central African Republic (2003-2005;2013-2015), Mauritania (2005-2007; 2008-2009), Togo (2005), Comoros (2007-2008) Guinea-Conakry (2008-2010), Niger (2009-2011), Madagascar (2009-2013), Côte d'Ivoire (2010-2011), Guinea-Bissau (2012-2014), Mali (2012) and Egypt (2013-2014) (Hellquist, 2015: 321).

(2011: 76) argues, whereas the Global North perceived these solidarity actions as challenging their international dominance, China, Africa, and the broader developing and underdeveloped world saw these institutions of global governance as grossly tilted towards the West and aimed to transform institutions like the UN and its different organs to the benefit of the developing world. The Chinese President Yang Shangkun, during his African tour in 1992, reiterated China's policy as

“support for African sovereignty, national independence and economic development, opposition to foreign intervention, respect for a different political system and development paths, support for African unity, cooperation and the Organisation of African Unity and belief that African states should participate actively in the international system as equal members” (Shinn, Eisenman, 2012: 46-47).

In the late 1990s, China's perspective on Africa underwent a shift as Beijing's international profile on account of its exponential economic growth along with growing reliance on the import of energy and natural resources, such as manganese, timber, uranium, copper, aluminium, titanium, and iron ore, among others to sustain it. This made it incumbent on China to sustain its presence in Africa to ensure a secure supply of natural resources, protection of its investments, acquire land for agricultural purposes, access the market, gain diplomatic support and the project itself as an alternative developmental model against the West (Pieter van Dijk, 2009: 11-12; Hanauer, Morris, 2014: 5-6; Volman, Klare, 2006: 306). Hence, China's foreign policy became pragmatic and peaceful in its orientation across the continent, mostly focused on its economic role (Meidan, 2006: 76; Shinn, Eisenman, 2012: 86, 128).

Evidently, China adopted two strategies to bolster its external financial policy: increasing foreign currency reserves and capital outflow through loans, economic assistance and direct investment to strengthen networks for domestic growth (Miller, 2010: 97-98). The financial aid programmes of 1997-1998 became its guiding strategy to advance and extend its economic relations and participation with Africa until 2019. This financial support policy incorporated special and limited credit lines to empower African states, which led to joint cooperative endeavours to bring innovation alongside FDI (Abeyu, 2012: 27-28). It also became a part of China's 'Going Out' policy in 1999, which aimed to encourage Chinese businessmen to invest abroad to increase the profile of Chinese companies to compete with the existing international companies (Blomkvist, Drogendijk, 2013: 661).

Moreover, the 'Going Out' policy is modelled on aid, grants and concessional loans to foreign governments to support infrastructure projects like building ports, laying railroads and pipelines, and constructing stadiums. It includes projects such as the extension of the port at Nouakchott in Mauritania, Djibouti-Ethiopia Railway, Mombasa-Nairobi Standard Gauge Railway, AU and ECOWAS Headquarters, Zimbabwe's new parliament, Nigeria's Edo State Oil refinery, stadium in Addis Ababa. Interestingly, China's growth also stimulated the internal demand for mineral resources and agricultural products in countries like South Africa, Ethiopia and Kenya (Miller, 2010:104-105). Therefore, according to Meyer, China's infrastructural investments tried exploiting African mineral resources like oil, diamond, gold, cacao, land and

labour for mutual benefit (Meyer, 2011: 6-14).⁷ For the exploitation of African countries, the minerals were taken out under colonialism as exploitation to its benefit, while the exploitation was called extraction under neo-colonialism without adequate compensation or with little benefits to African countries. However, it is interesting to think about how sensitivity, vulnerability, and dependence may explain the situation in interdependence relations. For instance, while African countries are more sensitive and vulnerable to China regarding trade, investment, and development assistance for infrastructure, China is more sensitive to African countries meeting its needs for mineral resources and agricultural products. However, China is a less dependent actor in these relations because of the sale of producer goods, its current account surpluses, and its new technology. China also has alternatives to vulnerability by obtaining its needs from other parts of the world. Hence, China's relations with African countries create an asymmetrical interdependence where African countries have a greater degree of dependence on China that has the possibility of turning into dependent relations.

This 'Going Out' strategy further integrated China's economy into an open and market-based international economy and made rapid economic progress felt worldwide.⁸ This stimulated Sino-African economic relations, with China's trade with Africa increasing to USD 204.19 billion by 2018 from a mere USD 10 billion in 2000. The impact can be gauged by the fact that it took half a century for this trade to reach USD 10 Billion from USD 121 million in 1950 but less than two decades to breach the mark of USD 200 Billion in 2018 (Yong, 2012: 8; Villasante et al., 2013: 924-925; Sui, 2020: 14-15). Therefore, it can be argued that this 'Going Out' policy pioneered the BRI project. I will explore African responses in the context of FOCAC, which will be analysed in the next section.

⁷ The number of Chinese workers in Africa was more than 182 000 and they worked in labour services and on contracted projects in Africa in 2019. The top five countries with Chinese workers were Algeria, Angola, Nigeria, Zambia and Kenya in 2019 (<https://www.statista.com/statistics/1259279/number-of-chinese-workers-in-africa-by-country/>, 05.04.2022). They worked mainly in highly-skilled and top level management positions (Ofosu, Sarpong, 2021: 12).

⁸According to an IMF report in 1997, in 1978, after years of state control of all production facilities, the Chinese government launched a comprehensive economic reform programme. To awaken the dormant economic powers, it encouraged the creation of local and private enterprises, liberalised foreign trade and investment, simplified national control over some prices, trained a labor force for industrial production, and invested in urban regions. In addition, since 1978, reforms have given the company directors more autonomy. They have been free to set their production targets, sell some products in the private market at competitive prices, give bonuses to good and bad workers, and the company may make a profit for future investment. Reforms also expanded the scope of private ownership in the manufacturing industry. These private companies created jobs, developed desirable consumer goods, earned significant forex through foreign trade, and paid national taxes, and expanded the national economy. It gave flexibility and resilience to China's economy. China's economic transformation was greatly empowered by its open-door policy which encouraged foreign investment. Over time, foreign direct investment increased significantly from negligible amounts in 1978 to nearly US \$100 billion in 1994. Annual inflows also increased from less than 1% to 18% in 1994. This foreign currency helped to build factories, create jobs, connect China to the international market, and facilitate significant technology transfers. These trends were especially pronounced in over 12 coastal areas where foreign investors enjoyed tax incentives. Additionally, economic liberalisation led to an increase in exports, with an annual growth rate of 19% between 1981 and 1994. The increase in exports had a positive impact on the productivity growth of domestic industries (Hu, Khan, 1997: 3).

3.2.1. Establishment of Forum on China-Africa Cooperation: A Turning Point

China has astutely used soft power tools with its offshore trading partners. It used diplomatic and cultural ties, lines of credit from the China Development Bank, the EXIM Bank of China, and the Industrial and Commercial Bank of China, development assistance and investments to gain support from African governments. China-Africa Cooperation Forum (FOCAC) emerged as an influential forum for Beijing to engage with Africa. Inaugurated as a dialogue mechanism in October 2000, it has brought states and prime ministers from African countries and China together for 20 years to coordinate, interact and centralise Beijing's most important political and economic activities in Africa.

In addition to publishing three White Papers on China-Africa relations, China utilised the Forum on China-Africa Cooperation (FOCAC) as a platform to distinguish itself from Western countries by emphasising principles such as "non-interference" in internal affairs, "mutual interest," and "mutual respect" (Thrall, 2015: 48-49; Deych, 2016: 177). Through FOCAC, China demonstrated its commitment to enhancing economic cooperation and fostering mutual benefits. The inaugural forum in 2000 brought together leaders from 44 African countries in Beijing to promote investment and trade opportunities (Sui, 2020: 15). China also declared plans to establish Special Economic Zones in African countries, starting with Egypt, Angola, and Nigeria, as part of its efforts to deepen economic ties (Ellis, 2013: 6-7). Furthermore, China's accession to the World Trade Organization in 2001 further enhanced its engagement with African nations.

The second summit of the Forum on China-Africa Cooperation (FOCAC) took place in 2003 in Addis Ababa. Prime Minister Wen Jiabao of China, along with 13 African leaders, more than 70 Chinese officials, and 44 African ministers, reiterated China's commitment to providing unconditional support to African countries. During the summit, China signed 245 additional financial aid agreements, which accounted for 44 per cent of the total value of China's foreign aid programs during that period. Beijing continued to assist in the construction of infrastructure and social projects across the continent, including roads, urban water systems, schools, and hospitals (Report on China-Africa Cooperation Forum in Addis Ababa, 2004: 215-216).

In 2006, marking the 50th anniversary of China's engagements with Africa and dubbed "China's Year of Africa," the third Forum meeting took place. It witnessed the participation of leaders from 48 out of the 53 African countries, including 35 heads of state or government. This gathering was unprecedented, as no other platform had brought together such a large number of states before. President Hu Jintao announced the elevation of Sino-African relations to a new strategic partnership during the meeting. He emphasized that the overall framework of bilateral relations would be "characterized by political equality and mutual trust, economic win-win cooperation and cultural exchanges" (Wenran Jiang, 2007).

There are six major characteristics of the China-Africa strategic partnership that Beijing declared to undertake, which included:

1. Seek to strengthen high-level contacts, strengthen communication and actively participate in UN peace operations in Africa.

2. Take incentives to transfer technology to Africa and increase imports from the continent.
3. Strengthen its cultural and educational cooperation.
4. Work closely with countries in Africa in multilateral organisations such as the WTO and United Nations to work on poverty reduction and development, food security, and climate change.
5. Strengthen FOCAC and improve cooperation between China and Africa.
6. Implement its aid pledges to Africa and increase aid "within its potential."

The final declaration of the Forum expressed support for Beijing's call to reform the United Nations, including advocating for Africa to have a permanent member seat on the Security Council. Chinese President Hu Jintao pledged to increase mutual trade with Africa from \$40 billion in 2006 to \$100 billion by 2009. China also committed to establishing 3-5 special economic zones, launching the China-Africa Development Fund with a total value of \$5 billion and an initial seed capital of \$1 billion to support Chinese investments in the region. In addition, China promised to establish 100 new schools, 30 malaria treatment centres, 30 hospitals and train 16,000 skilled workers. These initiatives raised awareness of China's diplomatic, commercial, and cultural advancements in Africa. Moreover, China's first White Paper on African policy in January 2006 introduced new foreign policy concepts of a "harmonious society" and "peaceful development" to complement its existing principles of non-interference, non-confrontation, and cooperation (Meidan, 2006: 7071; Bastholm, Kragelund, 2009: 117; Van Dijk, 2009: 20; Shinn, Eisenman, 2012: 53-54, 126; Hanauer, Morris, 2014:8). According to Van Dijk (2009), the White Paper demonstrated Beijing's commitment to promoting peace and development in Africa, which were regarded as significant themes at that time.

In 2009, ahead of the 4th Forum Conference held in Egypt (Sharm El Sheikh) in November of that year, President Hu Jintao embarked on his sixth trip to Africa, visiting Mali, Senegal, Tanzania, and Mauritius (Hanauer, Morris, 2014: 20; Kragelund, Dijk, 2009: 83-84; Zheng, 2010: 275). In his summit declarations, President Hu Jintao called upon countries in Asia and Africa to "promote friendly coexistence, equality-based dialogues, and common development and prosperity of different civilisations, to create a harmonious world" (Shinn, Eisenman, 2012: 49-50). As part of its commitment to promoting a harmonious world, China actively participated in global initiatives such as UN peacekeeping operations and peaceful development in conflict-ridden regions by cooperating with the UN and the African Union.

Hu Jintao's statements reaffirmed the core principles outlined in China's 2006 African policy as outlined in the White Paper. These principles emphasised security, sincerity, friendship, equality, mutual benefit, mutual support, and learning from one another. It was highlighted that the governments of both China and African countries would support Chinese enterprises in their investments in Africa, and in return, China would facilitate investments from Africa in mainland China. This reciprocal approach aligned with China's priorities of enhancing its economic well-being and addressing the growing demand for natural resources within the country. China also sought to collaborate with global and local organizations in its efforts in Africa. As part of the summit declarations, China pledged to provide \$10 billion in new low-cost loans to Africa over the next three years and establish a \$1 billion authorized capital fund

to finance small and medium-sized companies in the continent. It further vowed to support the poorest countries in Africa by introducing zero tariffs on 95% of their goods and cancelling the debts of interest-free government loans for the least developed and the most indebted countries by the end of 2009. Under the Humanitarian Cooperation Programme and fulfilling its summit pledges, China provided medical equipment worth \$73 million to 30 hospitals and constructed 50 schools and 100 projects to produce "clean" renewable energy in Africa (2010-2012) (Shinn, Eisenman, 2012: 50-51; Smertin, 2016: 235). Shinn and Eisenman (2012: 48) argue that FOCAC has proved an important tool for improving Sino-African coordination, notwithstanding China's dominant and profound role.

Cooperation within international organizations serves as multiple channels characteristic of interdependence. In this context, the Forum on China-Africa Cooperation (FOCAC) strengthens China's engagement with African countries. Through this forum, China and African nations were able to collaborate more closely on a range of political, economic and social issues, ultimately helping to build stronger ties.

For example, the 5th Forum was held in Beijing in 2012, where it adopted the "2013-2015 Action Plan". It introduced five key characteristics in the Sino-African strategic partnership, as identified by Smertin (2016: 236) and Shinn (2013: 92), with Beijing pledging to:

1. Provide funding and investment facilities for the sustainable development of Africa.
2. Increase aid to Africa so that all Africans could benefit from the improvement.
3. Support integration processes in Africa to improve general development capabilities.
4. Strengthen the friendships between the people of Africa and China to establish a strong joint development.
5. Fight for Africa's peace and stability to create a safe environment for African development.

While the China-to-Africa trade experienced significant growth, the Forum initiatives also aimed to promote Africa-to-China trade and investments. By 2012, African direct investments in China had reached a value of around USD 1.4 billion, primarily in sectors such as petrochemicals, manufacturing, wholesale, and retail. Notably, Nigeria, South Africa, Seychelles, and Mauritius emerged as major African investors in China (Li, 2015: 1). Conversely, China continued its support by providing concessional loans and credits to various African governments and enterprises, with a commitment to offer USD 20 billion in loans over the following three years. To facilitate these initiatives, Beijing established the China-Africa Joint Chamber of Commerce and Industry, as well as the China-Africa Development Fund. Additionally, China actively promoted the use of the Chinese Yuan as a reserve currency, encouraging African countries to adopt it for trading with China. This promotion yielded results by 2014, with fourteen countries, including Lesotho, Burundi, Malawi, Namibia, Rwanda, Mozambique, Swaziland, Tanzania, Uganda, Botswana, Zimbabwe, and Angola, seriously considering the Yuan as their reserve currency in trade relations with China (Mukeredzi, 2014). It is essential to understand that simply considering something differs from actually doing it. This holds true for African countries and their relationship with China. They are cautious about not falling into a new cycle of dependence on a new global power. However, they also face a

difficult situation where they cannot postpone their decision indefinitely. This shows that African countries are aware of the risks of unquestioningly accepting everything China proposes.

Furthermore, countries such as Ghana, Nigeria, Kenya, Mauritius, South Africa, and Zambia have expressed their intention to adopt the Yuan as a financial product and have actively promoted the African Continental Free Trade Area (Kouakou, 2022). According to Smertin (2016), China's interest in Africa and cooperation with Africa have encouraged developed countries to invest in Africa.

This situation increases the competition between China and the developed world in Africa and paves the way for African countries to benefit from this competition. In addition, African countries seek alternative ways to minimise dependency on developed countries.

The sixth FOCAC meeting took place in December 2015 in Johannesburg, South Africa, and it coincided with President Xi Jinping's launch of the Belt and Road Initiative (BRI) two years earlier in October 2013. Consequently, Beijing's investments, aid, and loans aligned with the broader objectives of the BRI. During the Forum, President Xi announced a commitment of USD 60 billion for Sino-African cooperation between 2015 and 2018. The allocated funds were directed towards various areas, including peace and security, industrialization, green development, infrastructure, agricultural modernization, trade and investment promotion, financial services, public health, public welfare, poverty reduction, and people-to-people exchanges (Tukić, 2018: 61). Numerous Chinese companies embarked on infrastructure projects spanning the energy, water and sanitation, communication, and transportation sectors (Monyae, Nkala, 2021: 1; Hanauer, Morris, 2014: 34-35). Although China's infrastructures in different sectors in Africa have been beneficial for the African people, they have also made African countries more sensitive and vulnerable. Furthermore, these projects have led to African countries becoming dependent on China's technology. Therefore, it is crucial for African countries to maintain a balance and avoid becoming overly reliant on any one nation for technology and investments.

The 7th Ministerial Conference of the Forum on China-Africa Cooperation (FOCAC) took place in Beijing on September 2, 2018. The conference witnessed a record attendance of high-level representatives from the African Union, foreign ministers, and officials responsible for foreign economic and trade affairs from all 53 African member states. During the conference, two key documents, namely the "FOCAC-Beijing Action Plan (2019-2021)" and the "Beijing Declaration: Building an Even Stronger Community with a Shared Future," were presented, highlighting China's commitment to aligning the objectives of the Belt and Road Initiative (BRI) in Africa with the African Union's 2063 Agenda. The summit underscored the mutual inclusivity of their goals and emphasized the importance of working together towards their realization. This was evident in the remarks of the Chinese State Councilor and Foreign Minister, Wang Yi, as he stressed:

We hope to combine the joint construction of the Belt and Road Initiative between China and Africa with the Agenda 2063 of the AU, the United Nations (UN) 2030 Agenda for Sustainable Development, and the development strategies of various African countries to create new

opportunities, expand new fields and open up new prospects for the development of China-Africa comprehensive strategic cooperative partnership (Embassy of the People's Republic of China in the Republic of Finland).

The representatives of African countries also manifested their appreciation for China's role in the continent, extolling it as their most reliable partner. For instance, the assertions of Lindiwe Sisulu, the South African Minister of International Relations and Cooperation, at the Forum:

China is Africa's most trustworthy and reliable friend. The African countries thank the long-term support and assistance provided by the Chinese side, admire China's great achievements, and stand ready to learn from China's development experience. The African countries are willing to take the joint construction of the Belt and Road Initiative and the implementation of the Agenda 2063 of the AU and the UN 2030 Agenda for Sustainable Development as opportunities to strengthen bilateral cooperation in agriculture, education, health, science and technology, economy and trade, infrastructure construction and other fields, translate Africa's resource advantages into development impetus, and speed up the process of industrialisation in Africa, to improve the well-being of the African people. Established 18 years ago, the FOCAC has become an important platform for Africa-China cooperation. The African countries stand ready to intensify coordination with the Chinese side, jointly promote the Beijing Summit for complete success, and draw up the grand blueprint for future cooperation between Africa and China (The 7th Ministerial Conference of the Forum on China-Africa, Embassy of the People's Republic of China).

The Forum meetings placed significant emphasis on enhancing cooperation in the education sector, particularly through the provision of Chinese scholarships to African students in various educational institutions. In 2015, the number of African students studying in China reached 49,792. As part of its commitment, Beijing further pledged to offer scholarships in various fields such as engineering, medicine, economics, agriculture, humanities, and social sciences to an additional 50,000 students and provide 50,000 training opportunities for seminars and workshops at the 2018 Forum. This demonstrated China's dedication to supporting education and capacity building in Africa through various educational initiatives (Trines, 2019: 4).

It is evident that Sino-African relations have benefitted and streamlined through this Forum. The Chinese investments have created jobs, raised basic infrastructure, and improved products and transport services across Africa. The infrastructure development closely aligned with China's export market expansion, leveraging overcapacity in the construction industry and stimulating its economic growth. China's investment in labour-intensive industries, particularly the manufacturing industry in Africa, complemented its economic restructuring in the face of rising manufacturing costs because of increased labour costs (Tukić, 2018: 61).

China seems a reliable partner in development, particularly in infrastructure projects. For example, China's increasing role in Africa has been viewed positively by some African leaders and ministers, but it is essential to question the situation. Despite China's support for African countries, the trade imbalance between China and African countries and the sensitivity and vulnerability created by China's infrastructure projects and development aid have raised concerns about African countries' dependence on China, requiring a critical examination of China's presence in Africa. It will be examined in the next section.

3.3. Drivers of Contemporary China and Africa Relations

3.3.1. China's New Foreign Policy and Foreign Direct Investment Projects in Africa

China adopted Socialism and Marxism and integrated it with the local Chinese context and characteristics, as explicated and propagated by Deng Xiaoping, during the 1980s, brought a fundamental shift in its foreign policy strategy and prepared it to tackle the 21st-century challenges.⁹

As part of a new foreign policy strategy known as "Fen Fa You Wei - Striving for achievement," Chinese President Xi Jinping introduced the Belt and Road Initiative (BRI) in 2013. Initially referred to as the One Belt One Road Initiative, the BRI consisted of different components, such as the New Silk Road in Central Asia, the Maritime Silk Road in Southeast Asia, and the economic corridor through South Asia. Countries like Malaysia, Pakistan, Indonesia, Myanmar, and the Philippines joined the Initiative between 2013 and 2015. China sought to persuade African countries to participate in the project, highlighting the potential benefits for the region, including increased production capacity, trade and investment opportunities, and technology cooperation. Consequently, various African nations were eventually convinced to sign agreements confirming their involvement in the initiative. However, some critics, such as Sorensen, characterized China's strategy as aggressive (Sorensen, 2015: 67-68).

Foreign direct investments (FDI), a critical characteristic of its economic reform and Going Out policy, emerged as an important constituent of this new Chinese policy and played a significant role in its external trade and investment. The FDI liberalisation strengthened its

⁹ Chinese style socialism is to integrate Marxism into socialism with Chinese realities and conditions. According to Deng,

“We relied on Marxism and socialism. Some people ask why we chose socialism. We answer that we had to, because capitalism would get China nowhere. If we had taken the capitalist road, we could not have put an end to the chaos in the country or done away with poverty and backwardness. That is why we have repeatedly declared that we shall adhere to Marxism and keep to the socialist road. But by Marxism we mean Marxism that is integrated with Chinese conditions, and by socialism we mean a socialism that is tailored to Chinese conditions and has a specifically Chinese character. What is socialism and what is Marxism? Marxism attaches utmost importance to developing the productive forces. We have said that socialism is the primary stage of communism and that at the advanced stage the principle of from each according to his ability and to each according to his needs will be applied. This calls for highly developed productive forces and an overwhelming abundance of material wealth. Therefore, the fundamental task for the socialist stage is to develop the productive forces. The superiority of the socialist system is demonstrated, in the final analysis, by faster and greater development of those forces than under the capitalist system. As they develop, the people's material and cultural life will constantly improve. One of our shortcomings after the founding of the People's Republic was that we didn't pay enough attention to developing the productive forces. Socialism means eliminating poverty. Pauperism is not socialism, still less communism” (Deng, Xiaoping. 1984. ‘Building Socialism with a Specifically Chinese Character’, *The People's Daily*. Beijing)

See also: Kazuma Egashira, “Chinese-Style Socialism: Some Aspects of Its Origin and Structure”, *Asian Survey*, Vol. 15, No. 11 (Nov. 1975), pp. 981-995.

sources of economic growth through its contribution to technological progress, the creation of employment, urbanisation, and the productivity of Chinese companies and capital inflows.

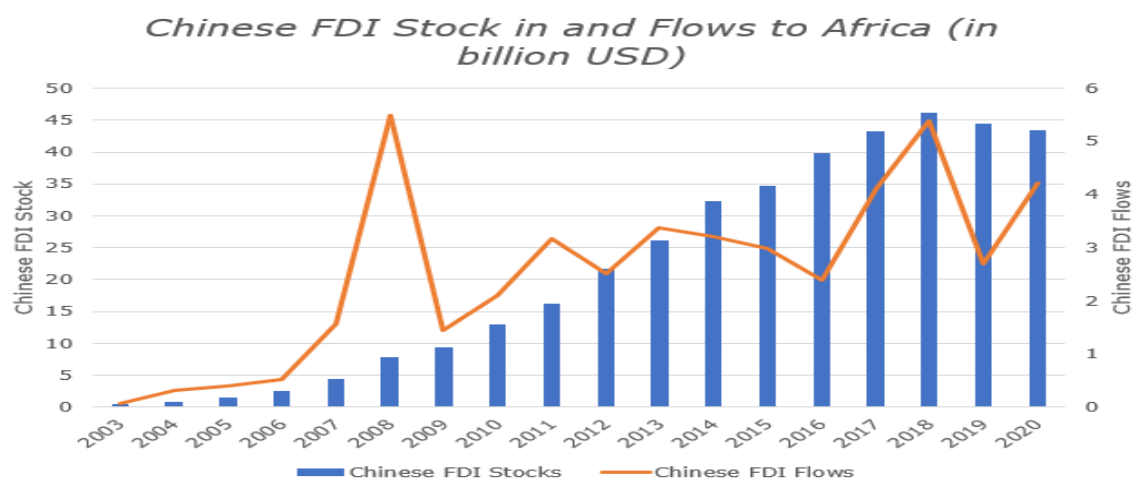
The FDI can be assessed in three phases. In the first phase, the FDI inflows from the USA and Europe between 1982 and 1991 increased gradually. In the second phase, between 1992 and 2001, the FDI inflows into China became unstable, slowed by 1997 and eventually decreased between 1999 and 2000, as the East Asian economic crisis emerged. However, in the third phase, China's accession to the World Trade Organisation (WTO) in 2001 played a significant role in attracting foreign direct investment (FDI) and enhancing the productive capacity of domestic industries. This was achieved through the reduction of trade and investment barriers, technology transfer, increased exports, and the expansion of capital and employment flows across different sectors. This is evident in the significant increase in FDI inflows, which grew from \$47 billion in 2001 to \$75 billion in 2007. Even during the global financial crisis in 2008, when FDI inflows worldwide declined, China experienced a %23.58 increase, reaching \$92 billion. By the end of 2016, China had become the largest recipient of FDI among developing countries, with a total FDI stock of \$1.35 trillion. This presented a significant opportunity for investors from developing countries to increase their FDI and engage in export-oriented activities within China, setting an example for other underdeveloped or developing nations (Chunlai, 2012: 124-132; Chunlai, 2018: 605; Balamoune-Lutz, 2004: 50; Huang, Wei, 2011: 7-9).

On the contrary, Africa experienced an increase in global foreign direct investment (FDI) inflows from \$11.2 billion in 1997 to \$58.9 billion by 2008. However, the global economic crisis and political instability in North Africa led to a decline in annual inflows to \$50 billion in 2012, down from \$52.9 billion in 2009. The distribution of FDI within Africa varied significantly among subregions. North Africa, for instance, received a significant amount of FDI, accounting for approximately one-third of all inflows between 1970 and 2010, until political turmoil disrupted the region and changed its trajectory. Consequently, between 2010 and 2019, West Africa, which had previously attracted lower investments, emerged as one of the major recipients of continental investment flows, followed by East Africa. These subregions accounted for %1.1 and %0.76 of global FDI inflows, respectively. In terms of sectoral FDI inflows, the hydrocarbons and minerals sectors traditionally received a significant portion of FDI in Africa. Between 1998 and 2000, %54 of Africa's FDI inflows were directed to the primary industry, %21 to the manufacturing industry, and %25 to the service industry. While this trend continued until 2005, the share of FDI in the primary sector gradually decreased to %46 by 2010 (Seyoum, Wu, Lin, 2015: 47). It is interesting to note that Europe and the USA have tried to counter China's investments, aid, and political influence. This presents a unique situation for Africans, as it offers China as an alternative partner and a means to break free from the colonial mentality. However, it is important to be cautious of the potential risks that may come with this new partnership, such as being dragged into another dependency with asymmetrical interdependence relations.

In terms of China's FDI to Africa, the distribution of investments between 1979 and 2000 was as follows: %46 in manufacturing (primarily light industry, textiles, machinery, and home appliances), %28 in raw materials, %18 in the construction sector, and %7 in the agriculture

sector (Shinn, Eisenman, 2012: 136). The establishment of the Forum on China-African Cooperation in 2000 marked a substantial shift in the scale of Chinese FDI in Africa. By September 2001, China had set up 58 investors in Africa with joint legally binding investments totalling \$89.53 million across 28 countries. By 2003, China had signed bilateral investment protection agreements with over 20 African countries and established China Trade and Investment Promotion Centers in 11 countries. The Chinese government's policy of encouraging its companies to compete for African investments further facilitated this trend. As a result, 117 new Chinese investment companies entered 49 African countries, spanning multiple sectors, including processing, manufacturing, transportation, telecommunications, resource development, trade, and agriculture. Chinese FDI in Africa experienced a significant surge from a mere \$74.8 million in 2003 to \$1.25 billion by 2006. Simultaneously, African countries such as South Africa increased their investment in China, expanding technology exchanges and cooperation in sectors such as consumer products, non-renewable energy, industrial machinery, equipment, and tools (Monyae, Nkala, 2021: 1). The Beijing Action Plan 2007-2009, a direct outcome of FOCAC, laid the foundation for further strengthening Sino-African relations and Beijing's African policy (Bastholm, Kragelund, 2009: 117).

Figure 3.1. Chinese FDI Stock in and Flows to Africa (2003-2020)



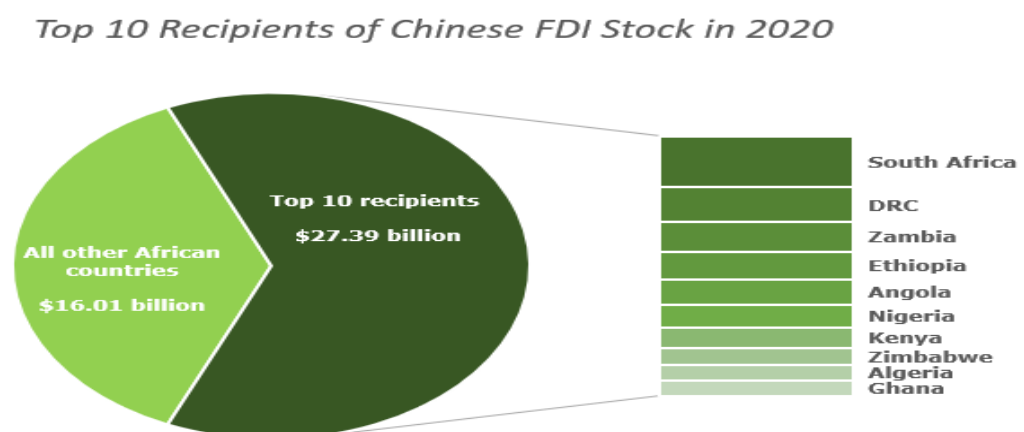
Source: the Diplomat, https://thediplomat.com/wp-content/uploads/2021/11/thediplomat_2021-11-22-135611-1.png

The data presented in the chart demonstrates the fluctuation of Chinese investments in Africa over the years. In 2008, these investments reached a peak of nearly \$5.5 billion, largely driven by the Industrial and Commercial Bank of China's acquisition of a 20% share in the Standard Bank of South Africa. However, the global financial crisis in 2009 led to a sharp decline in Chinese investments to approximately \$1.5 billion. Despite this setback, Chinese FDI in Africa experienced a significant recovery, surging to \$5.4 billion in 2018 before decreasing to \$2.7 billion in 2019. Despite the economic impact of the global pandemic, Chinese FDI rebounded to \$4.2 billion in 2020. In terms of the stock value of Chinese FDI inflows to Africa between 2005 and 2020, it amounted to a staggering \$43.4 billion, representing a remarkable 100-fold increase compared to the \$490 million recorded in 2003. The total value of Chinese companies in Africa reached a record \$2 trillion.

Most of China's African investments went to resource extraction, light businesses, apparatus and electronic initiatives, banks, telecommunications, material and apparel production lines and plants with pharmaceutical value. These investments benefited South Africa, Kenya, Nigeria, Uganda and Sudan. In contrast, despite their low scale, African investments in China also grew significantly. By 2003, African investments in the joint Chinese-African companies in Africa were worth \$4.26 billion in 1598 projects across petrochemicals, hardware and gadgets, transportation, light industry and electrical apparatus, garments, materials and bio-drugs. Countries such as Mauritius, Seychelles, South Africa and Nigeria have invested in China across sectors like wholesale and retail, manufacturing and processing, and petrochemical industries, among others (The White Paper, 2013; Yao, 2004: 97-98).

As evident in the above chart, African countries are greatly sensitive to China's investment decisions, while China, the dominant power, is sensitive to African raw materials purchases. On the one hand, African countries are vulnerable to China's investments in energy sectors in Africa and China's raw materials trade with themselves. China's vulnerability strongly favours China despite the African country's investment because China has many alternatives. As a result, African countries are more dependent on China than China is on African countries.

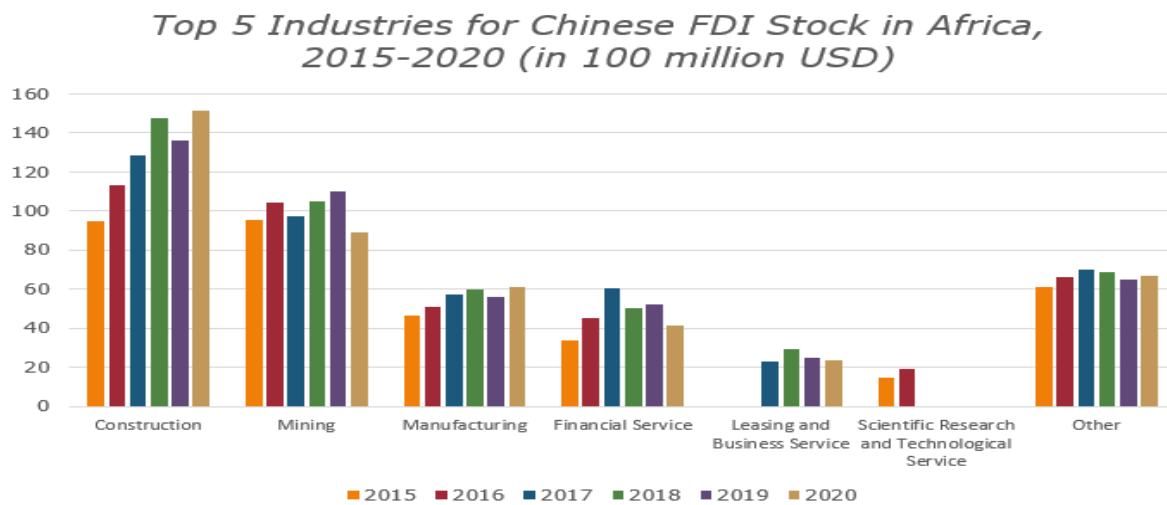
Figure 3.2. China's Top 10 Destinations of FDI in Africa in 2020



Source: The Diplomat, https://thediplomat.com/wp-content/uploads/2021/11/thediplomat_2021-11-22-135611.png

As is evident from the above graph, the ten top recipients of Chinese FDI in Africa include South Africa, the Democratic Republic of Congo, Zambia, Ethiopia, Angola, Nigeria, Kenya, Zimbabwe, Algeria and Ghana, which accounted for 63 per cent of Chinese total African FDI stock worth \$27.39 billion.

Figure 3.3. China FDI Stock to Africa, Top 5 Sector as of the % of the total stock (2015-2019)



Source: The Diplomat, https://thediplomat.com/wp-content/uploads/2021/11/thediplomat_2021-11-22-135610.png

In terms of the breakdown in the sectoral investments, as shown in the figure above, between 2015 and 2020, most of the Chinese investments were directed to the construction sector at 35 per cent, which included setting up Special Economic Zones and building its associated essential infrastructure, including roads and bridges. It seems that it is significant for the returns on investment of Chinese companies in terms of profits from their foreign investments, constituting around 30 per cent of its overseas construction contract revenue. The construction sector is followed by mining (21 per cent), manufacturing and financial services. The Chinese FDI for manufacturing, tourism, and financial services remained restricted compared to the construction and mining sectors.

Moreover, given Beijing's substantial food requirements to feed its large population, its Ministry of Foreign Trade and Economic Cooperation (MOFTEC) encouraged Chinese companies to diversify to the agricultural sector of Africa to ensure it had enough sources to acquire food essentials. In that regard, the African governments promoted agricultural investments in Africa not only for food security reasons but also to circumvent the World Trade Organization (WTO) restrictions. China's state-owned companies, therefore, invested in fisheries, agriculture and related secondary manufacturing facilities. The Chinese-operated farms made a steady supply to the local market. For instance, ZTE signed a contract with the Democratic Republic of Congo government for a 247,000-hectare palm biofuel project in 2007. China's State Farm Agribusiness Corporation operated 11 agricultural projects on approximately 40,000 hectares across Guinea, Ghana, Zambia, Mali, Mauritania, Togo, Gabon, Tanzania, and South Africa in 2008. At least 23 Chinese farms operated in Zambia with an investment worth \$10 million. In 2010, Sudan also approved approximately 25,000 hectares of farmland to ZTE for growing wheat and corn, whereas Ethiopia provided land for sesame farming. These projects created significant jobs for the village locals across Nigeria, Kenya, Zambia, Uganda, Senegal and Sudan by employing Chinese and Africans equally, even though there were about 2,000 Chinese farmers. In the fisheries sector, Chinese investors set up various

joint ventures with some of the world's wealthiest fisheries resource-rich countries like Gabon and Namibia to process fisheries, leasing farms in Zambia, Tanzania, Zimbabwe and Senegal (Pieter van Dijk, 2009: 14; Shinn, 2013: 90-91; Shinn, Eisenman, 2012: 138; Alden, 2005: 149-150).

In the case of Zambia, where cotton formed an important source for smallholders, its textile sector also received significant investments, creating job opportunities. Post its privatisation of the textile industry in the 1990s, six large companies were established. China's Qingdao Municipal Government supported the textile industry of Zambia, and the Mulungushi Industrial Park in Kabwe, Zambia, was established. One of the companies is the China-Zambia Mulungushi Textile Factory, which was financed interest-free by the Chinese government. It made significant investments in this sector and employed over 2,000 people directly. The company also operated two cotton gins, including a 10,000-hectare large and hired 5,000 farmers, making it the only Zambian company manufacturing garments by weaving yarn into fabrics along with cultivating, ginning and spinning cotton. Another China-Zambian joint venture to buy cotton gin in the eastern Zambian provinces reflects Beijing's vertical integration strategy in the agriculture and textile sectors (Alden, 2005: 149-150; Kragelund, Dijk, 2009: 93-94).

It's interesting to note that China has made its presence felt in crucial sectors of Africa's development, such as infrastructure, mining, manufacturing, and agriculture. Although China might not be dominant in terms of FDI, its involvement in these sectors has made African countries more sensitive and vulnerable to China. For instance, Chinese investment in the agricultural and food industries in terms of vulnerability or sensitivity, African countries were sensitive to China's investments, creating job opportunities for African people and financing interest-free loans, while China was also sensitive to the agricultural products of African countries. On the one hand, in terms of vulnerability, there were essential asymmetries in favour of China. For example, China's rent of farmlands in African countries and providing China's loans allowed China to control African people's land. This could potentially lead to an increasing tendency towards their dependence on Beijing as China strengthens its hand by making its own rules in these contracts.

As much as the African governments encouraged Chinese investments, Beijing rallied its state-owned companies to invest and enter into joint ventures with several state-owned organisations across the African Sub-Sahara to secure their products and improve mutual relations. Chinese companies increased their presence in Angola, provinces of Darfur and Kordofan in Sudan, the Republic of Congo, the Ogaden region of Ethiopia, and particularly southeastern Nigeria - regions more susceptible to sporadic violence. Indeed, Western investors inadvertently helped Chinese investment increase by keeping their distance from resource-rich African countries because of political instability, inadequate governance, and political restrictions. The African governments welcomed persistent Chinese investments against the Western snubs, which enabled Beijing to make large-scale investments in resource expansion activities, placing it in a stronger position even though the risks were enormous. Though they were exposed to a greater risk of interruptions from uprisings, power outages, inadequate communication and transportation networks, lack of water supply or investment losses, the Chinese never gave up

the investments (Thrall, 2015: 33-34; Shinn, Eisenman, 2012: 129-130; Kragelund, Dijk, 2009: 89).

In the context of interdependence, while African countries were sensitive to China's investment decisions in conflict areas, Beijing remained sensitive to security needs and its raw material purchases. However, there were significant asymmetries in vulnerability that favoured China. China's investments in energy and raw material sectors and its trade with African countries allowed Beijing to maintain control over policy decisions and establish the rules of engagement. In contrast, African countries did not develop alternatives in disadvantaged areas. Therefore, China holds dominant and influential positions in its relationships with African countries, and there is a potential risk that could transform asymmetrical interdependence relations into dependency relations in the long term.

In this particular context, SINOPEC, a Chinese state-owned petroleum company, partnered with Angolan Sonangol in a \$3.5 billion investment to extract oil and construct a processing plant worth \$3 billion. Similarly, in Gabon, the CMEC/Sinosteel consortium, backed by the Chinese Export-Import Bank, injected approximately \$3 billion into the development of iron ore deposits. As part of the agreement, the consortium was responsible for constructing a railway, a port, and a hydroelectric power station while gaining exclusive rights to mine the resources. Furthermore, in Equatorial Guinea, a subsidiary of the China National Offshore Oil Corporation (CNOOC) secured a production-sharing agreement with the country's National Oil Company, GEPetrol (Jacoby, 2007: 2).

In a bid to expand its consumption market, Beijing established a joint venture with Côte d'Ivoire, the world's largest cocoa producer, to engage in chocolate production. China also initiated collaborations with Kenya in the production of flat glass, partnered with a Zimbabwean iron company through the Chinese Capital Steel Company, and established an investment development and trade centre in Mali. Additionally, China's National Nonferrous Corporation secured a contract to reopen Zambia's Chambeshi copper mine in 1997 while simultaneously establishing the Bank of China-Zambia Limited, the first Chinese bank in Africa. Lastly, China signed an agreement to modernize Nigeria's railways and construct two power plants as part of its engagements in the country (Payne, Veney, 1998: 877).

China's emergence as a significant development partner and financier to the African countries provides these countries with an alternative to Western countries and investors, which have proven unwilling to extend and commit investments to certain sectors or attach preconditions. This diversified investor base allows these countries to choose their developmental partners and could help increase their ability to pursue their development agenda depending on how the investments are used.

3.3.2. Sino-Africa Trade Relations

The "Going Out" policy provided Chinese resource-related companies with investment opportunities in Africa and beyond. The increasing production capabilities enabled its exporters to establish a supply chain of inexpensive consumer items to African markets. Despite increasing imports, these exports increased Beijing's annual trade surpluses with the continent from 1978 to 1999. China's hunger for raw materials like oil, natural gas, gold,

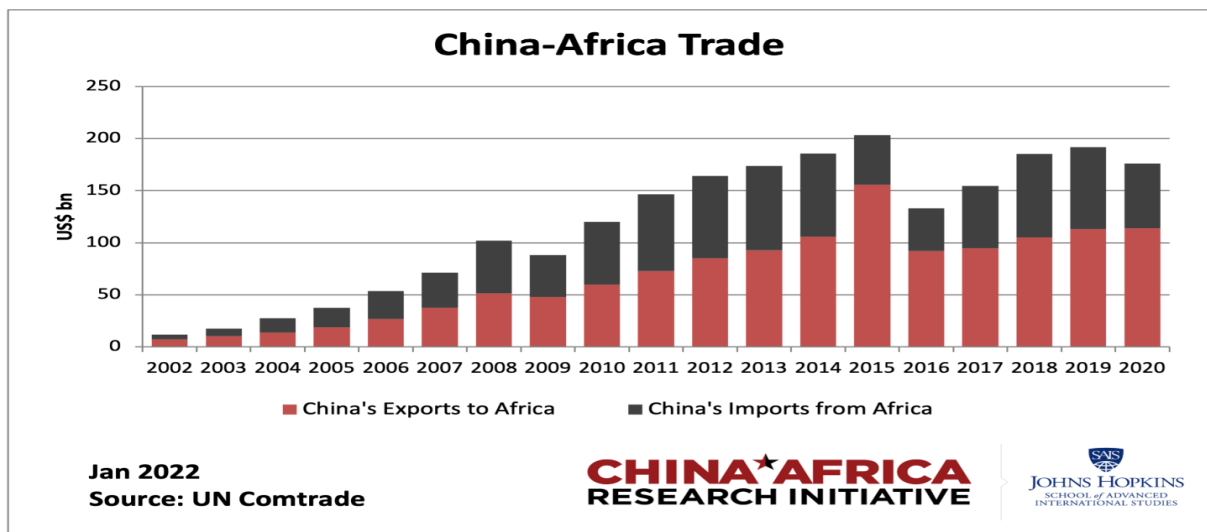
diamond and cacao to fuel its expanding economy and the capacity to provide inexpensive capital goods became twin catalysts for the growth in Sino-African trade during the 2000s. As energy security assumed urgency in China's external relations, African countries with huge energy resources assumed significance. It required the development of cooperative and interdependent relationships (Ellis, 2013: 9-10; Shinn, Eisenman, 2012: 114). However, in the context of interdependence relations, trade relations between China and African countries are asymmetrical, with China benefiting more, as it gets valuable products from Africa while selling cheap consumer products to the African nations.

The trade relationship between China and Africa experienced a significant boost in the late 1990s, with trade volume increasing by over a hundred times. Beijing adopted a proactive approach by establishing bilateral relations with individual African countries and engaging with regional unions and blocs. While Beijing's interest in securing African natural resources gained attention, the manufacturing sector also became a crucial aspect of their economic relations (Abeyu, 2012).

In the late 1980s, trade between China and Africa was approximately \$1 billion. However, by the late 1990s, it had grown significantly to exceed \$6 billion. China utilized platforms such as the Southern African Development Community (SADC) and the Common Market for Eastern and Southern Africa (COMESA) to penetrate the African markets, encouraging its companies to invest and contribute to the region's economic development. By 2003, China had become the second-largest exporter of commodities to the Economic Community of West African States (ECOWAS). This success was reflected in the total transaction value between China and Africa, which increased from \$12.39 billion in 2002 to \$18.5 billion in 2003.

To further enhance economic and trade relations, the China-African Chamber of Commerce was established in Beijing in March 2005. This organization played a significant role in fostering agreements and initiatives between Africa and China. In the same year, China-COMESA trade experienced notable growth as China aimed to provide more predictable market access to its trade bloc members. China's Ministry of Commerce implemented a preferential tariff system, eliminating tariffs on various products from the least developed countries in Africa. This program initially covered 190 products and later expanded to 454 products, including items such as umbrellas, table lamps, bicycles, soaps, plastic products, leather wallets, and T-shirts. By 2005, China had established bilateral trade and investment agreements with 75% of African countries. Bilateral trade between China and Africa soared from \$40 billion in 2005 to \$55.5 billion in 2006 and reached \$72.9 billion in 2007 (Tull, 2006: 463-464-466; Shinn, Eisenman, 2012: 47, 122-123-124; Lafargue, Hall, 2005: 2; Lafargue, Brown, 2009: 80). In comparison, US-Africa bilateral trade increased from \$80 billion in 2005 to \$99 billion in 2006 and further reached \$115 billion in 2007 (The United States Census Bureau, <https://www.census.gov/foreign-trade/balance/c0013.html>, access 23.03.2023). Overall, China's trade relationship with Africa experienced remarkable growth during this period, with increased trade volume, investment agreements, and preferential trade policies contributing to this expansion.

Figure 3.4. China-Africa Trade (2002-2020)



Source: John Hopkins China-Africa Research Initiative

The data presented in the chart illustrates the steady growth of bilateral trade between China and Africa from 2002 to 2015, with a slight decline in 2009 due to the global financial crisis. It is worth noting that China became the largest trading partner of Africa for the first time despite the challenges posed by the economic downturn in 2009. The total trade value between China and Africa dropped to \$91.07 billion in 2009 but rebounded in the following years.

China's exports to Africa reached a peak of \$156 billion in 2015 before decreasing to \$92 billion in 2016. However, China's imports from Africa experienced a decline to \$41 billion in 2016, followed by a recovery to \$80 billion in 2018. By 2019, the total trade value between China and Africa reached \$192 billion. These figures highlight an imbalance in trade dynamics, with Africa's exports to China being lower than its imports from China.

During the 1980s and 1990s, China primarily exported light industrial products, food, chemicals, domestic products, and animal by-products to Africa. However, after 2000, the demand for technologically advanced machinery, automobiles, and electronic devices in Africa increased significantly, accounting for more than half of China's exports to the continent. On the other hand, China's major imports from sub-Saharan Africa in 2005 included mineral products, base metals, wood products, petroleum, and metals, which made up approximately 90% of China's total imports from the region. By 2009, energy products and raw materials constituted 80% of Africa's exports to China.

While China's export list to Africa diversified, African exports to China remained limited, with agricultural products experiencing rapid growth, such as Egyptian oranges, South African wine, Ghanaian cocoa beans, Ugandan coffee, Tunisian olive oil, and Ethiopian sesame. Despite the global recession in 2008, China's imports of agricultural products from Africa increased by 25% in 2009. In 2013, with the announcement of the Belt and Road Initiative, China's exports to Africa mainly consisted of machinery, manufactured goods, clothing, textiles, and chemicals. This initiative has created new opportunities for trade and investment between China and African countries (Zhi 2018: 43; Samson 2011: 63; Shinn 2013: 90; Shinn,

Eisenman, 2012: 117-120; Bbaala, 2015: 103; Deych, 2016: 178; Groom, Xiaoyang, 2011: 2728).

Given these dynamics of Sino-African relations, Shinn and Eisenmann (2012) argued that the trade relationship between China and African countries is characterized by an asymmetry in which African nations primarily export natural resources and commodities to China, while China exports labour and capital-intensive commodities in industries like telecommunications, automobile manufacturing, transportation, and steel production to Africa.

As in Shinn and Eisenmann's opinion, trade deficits can reflect asymmetrical interdependence relations between countries. As seen in the data above, many African countries rely heavily on exporting raw materials and agricultural products to China, which may result in China benefiting more from these trade relationships than African nations. This unequal distribution of benefits can lead to asymmetrical interdependence relations evolving into dependency relations, where African countries frequently export raw materials and agricultural products while importing finished goods. Therefore, addressing these issues fairly and equitably is crucial to ensure that all parties benefit from trade relationships. In the following chapters, this thesis will delve into and analyse these trade imbalances, focusing on China's relations with Ethiopia and South Africa.

Notwithstanding some contentious issues, the Sino-African relationship has been strongly shaped by its interdependent nature, with its financial reliance providing a material basis for business collaboration. While Africa provided Beijing with a sustainable market for its manageable monetary development, China's economic prowess provided African states with alternative sources of financial investments, more so after it joined WTO and integrated it with the international financial system (Yao, 2004: 102-103). Though China granted a preferential tariff regime to encourage the export of manufactured goods from African countries, zero-tariff commodities like marble, cobalt and copper constituted most of the free imports.

Moreover, non-resource-related African exports to China, such as cotton, textiles, sulfur and salt, raw hides and skins, tea and coffee, and fish and crustaceans, failed to fulfil the Chinese market requirements. This low level of commodity exports also constrained the African countries from exploiting the Sino-African relationship to their advantage. For instance, between 2013 and 2018, the breakdown of African exports to China included South Africa at 15.5%, Nigeria at 12.9%, Egypt at 10.3%, Algeria at 7.2%, and Kenya at 5%. For all the countries except South Africa, the major export product to China constituted crude oil. Despite these challenges, the China-Africa trade jumped from \$10 billion in 2000 to \$208 billion by 2019, in part due to the positive impact of the FOCAC (Hanauer, Morris, 2014: 28; Bbaala, 2015: 105-106; Monyae, Nkala, 2021: 1).

On the other hand, a majority of 70 per cent of China's imports from Africa came from just five countries, including Angola, South Africa, the Republic of the Congo, the Democratic Republic of the Congo and Zambia (Mintoiba, 2022: 49).

Even as the dynamics of the Sino-African trade remain tilted towards Beijing, the flooding of the African market with cheap Chinese products and the replacement of the local traders by ever-increasing traders from China has attracted criticism. Though comparatively cheaper than

the local products, most African consumers decried poor product quality. The inexpensive Chinese imports also made it difficult for African manufacturers to sustain themselves by directly shrinking their space. The unhindered access to the Chinese traders and companies without making them liable for local partnerships worked against the business interests of the local African trading communities, who found it difficult to compete. This attracted wide public criticism, becoming a public relations "nightmare" for China. Shin (2013) credits the influential labour unions of South Africa and Nigeria with campaigning against Beijing's expanding Africa profile by highlighting how the textile imports from Asia, including China, reduced about a third of African production and hence against African interests. Bbaala (2015) similarly argues that competition with Chinese trading companies detrimentally affected sectors like textiles, forcing some local companies to lay off workers to sustain their enterprises across South Africa, Kenya, Lesotho and Madagascar. Other sectors, like the local producers of primary products such as vegetables, fruits and handicrafts, also had to compete with the Chinese retailers and their low-priced low-quality goods.

The detrimental impact on the local trading companies aside, the outside penetration into the African market, led by China, advantaged the consumers as their budgetary buying choices multiplied. As Hairong & Sautman (2009) highlight, this resulted in Chinese plastic sandals capturing the entire African market in 2008, changing the everyday lives of women and children profoundly as basic necessities like shoes became accessible to a wide spectrum of Africans.

Despite the criticism against the Chinese enterprises taking over the African market, the imports from Africa to China increased significantly, promoted by the pro-Chinese blocs as a manifestation of Beijing's constructive role in Africa's economic development. However, China's taking control of the African market has led to an increase in Africa's sensitivity to China and China's determining role in Africa as a less dependent actor in asymmetrical interdependence relations with African countries. These may pose a risk to the asymmetrical interdependence relations turning into dependency relations.

Nevertheless, if manufacturing and industrialization were essential to growing the African economy, its mere consumerist profile in the absence of a productive capacity was inadequate to help transform the continent's developmental trajectory and ensure it did not fall into a Chinese-made debt trap, similar to the debt trap of earlier decades concerning the former colonizers (neo-colonialism) and IMF credit structural adjustment schemes.

3.3.3 China's Loans to Africa

Loans have become a pivotal element of China's strategy to strengthen bilateral relations with African nations. This is evident in the significant amount of funding provided by Beijing to African countries, totalling over \$153 billion between 2000 and 2019, primarily for large-scale infrastructure projects. Notably, from 2015 to 2020, approximately 66 per cent of these loans were allocated to the energy and transportation sectors. Chinese financial institutions continued to support Africa's development by financing an average of \$180 million per year for 70 projects from 2010 to 2021. These projects were mainly concentrated in countries rich in hydrocarbon and mineral resources, such as Zambia (copper), Algeria, Mozambique, Egypt,

Sudan, Kenya, Nigeria, Ghana, Angola (Oil & Gas), Tanzania, and South Africa (Gold) (Monyae, Nkala, 2021: 1; Chaudhury, 2021).

African countries have shown interest in Chinese loans as an alternative to funding from global institutions like the World Bank (WB) and the International Monetary Fund (IMF). This interest stems from China's policy of providing non-conditioned investments, such as not imposing requirements related to human rights and democracy, as well as offering low interest rates, as discussed in earlier sections. Scholars like Sui (2020) and Miller (2010) have emphasized this aspect while examining China's financial engagement in Africa. Tull (2006) has also pointed out that African governments find China's development aid and loans attractive due to longer repayment options and the absence of preconditions. By providing financial assistance without imposing conditions, China has gained political capital in the eyes of indebted African governments, as highlighted by Samson (2011).

Moreover, China's emphasis on mutual respect for sovereignty and opposition to external interference in internal affairs has resonated with various African regimes. It is worth noting, As highlighted by Bénazéraf and Thornely (2014), It is worth noting that China is not the only country engaging with African states without preconditions. Other countries like Japan and South Korea have also supported African countries across sectors such as agriculture, mining, and infrastructure without attaching requirements for governance or political system reform.

Many African leaders also identified with Beijing's struggle in its developmental trajectory, perceived it as a guarantee of future prosperity and sought closer political and economic affiliation. China's success in establishing a vibrant good educational system which produces highly skilled and empowered professionals and general intolerance towards corruption also increased its appeal. China served not only as an economic partner but also presented an alternative development model and compensatory power that reduced Africa's reliance on Western organizations for foreign investment and development aid (Zheng, 2010: 273; Hanauer, Morris, 2014: 9). These statements clearly demonstrate a favourable perception of China. For instance, Senegalese President Abdoulaye Wade stated in 2008 that Western-funded projects lacked proper planning and management procedures compared to those funded by China, leading to an imperative for cooperation with China.

“I have found that a contract that would take five years to discuss, negotiate and sign with the World Bank takes three months when we have dealt with Chinese authorities. I am a firm believer in good governance and the rule of law. But when bureaucracy and senseless red tape impede our ability to act – and when poverty persists while international functionaries drag their feet – African leaders should opt for swifter solutions. I achieved more in my one-hour meeting with President Hu Jintao in an executive suite at my hotel in Berlin during the recent G8 meeting in Heiligendamm than I did during the entire, orchestrated meeting of world leaders at the summit – where African leaders were told little more than that G8 nations would respect existing commitments.” (Abdoulaye Wade, 2008: 1).

Similarly, Tanzanians also identified with China's historical and political trajectories, reinforcing the beliefs of their leaders about the relevance of Beijing's developmental path to Tanzania's economic developmental aspirations. For instance, Julius Nyerere, the founding president of Tanzania, saw greater relevance of Chinese socialism due to its espousal of

egalitarian values to his socialist visions for Africa and Tanzania. This convinced President Nyerere that their relationship was mutually beneficial (Yu, 1977, 101). In the contemporary scenario, the current Tanzanian president, Samia Suluhu Hasan, has expressed her commitment to embrace the BRI by fostering collaboration with China, implementing the agreements reached at the 2018 FOCAC Beijing Summit, and promoting further advancement of Sino-Africa relations. In June 2021, the Chinese Foreign Ministry quoted President Hasan as saying:

“Tanzania valued its friendship with China, appreciated the long-term support and assistance of China, and was ready to learn from China's experience in poverty reduction and governance and to improve cooperation in trade, infrastructure, humanities and different fields with China”.¹⁰

It is interesting to note how China features in the domestic politics of the continent due to its extensive presence and contested role. It is manifested in how the attitudes of the political leaders change, from seeking greater engagements with Beijing when in control of the political executive to sustaining anti-Chinese rhetoric when outside of it. Since, in the context of interdependence relations, China holds more power as a less dependent country in asymmetrical ties with African countries. For African countries, considering the cost to a country if the relations are severe with China, this can explain why African leaders, who were anti-China before the elections, moved closer to China after the elections. For example, many Zambian opposition leaders criticised China's role in the country during their election campaigns but changed their stance once in power, as shown by President Michael Sata, who backed Chinese investments in his country. Moreover, trade relations in Ghana, Niger, Guinea, and Zambia have witnessed near continuity despite government changes. In that context, Thrall (2015) pointed out that China's African policy did not manifest any overt support towards the authoritarian regime and, on the contrary, showed pragmatism by diversifying interactions of Beijing with the different regimes of Zimbabwe, Sudan, Botswana and Mauritius (Thrall, 2015: 47-48).

China extended various forms of financial assistance to African countries, which encompassed “interest-free foreign aid loans (offered by the central government), concessional foreign aid loans and preferential export buyers' credits (only offered by China Eximbank), export buyers' credits, and other commercial loans” (Acker, Brautigam & Huang, 2020: 4). Before 1995, China primarily provided subsidies in the form of in-kind benefits for health and education projects, without interest-free loans for construction purposes.¹¹ However, after 1995, China began offering loans with preferential aid to African countries (Chaponnière, 2009: 61). The

¹⁰ https://www.fmprc.gov.cn/mfa_eng/zxxx_662805/t1885768.shtml, 21.06.2021

¹¹ China's debt strategy in return for infrastructure work in Africa is compatible with the principle of asymmetric interdependence because China links its aid to the use of Chinese equipment, goods and services. For instance, EximBank bids exclusively for Chinese companies, and the key criteria for soft loans include selecting Chinese companies as contractors and ensuring that a minimum of 50% of the equipment, materials, technology, and services used are from China (Chaponnière, 2009: 71). While this may have a positive impact on the Chinese economy and its level of development, it comes at the expense of African development. In this situation, China seems to be benefiting much more from Africa as the long-term maintenance will be handled by China.

significant proportion of interest-free loans and concessional aid prompted Beijing to cancel the debts owed by African countries regularly. During the period from 2006 to 2009, China provided more aid and loans to Africa compared to the United States and the European Union. Angola, a major exporter of natural resources, greatly benefited from China's financial support, receiving over \$42.8 billion between 1995 and 2009 (Kragelund, Dijk, 2009: 85).

During the 2006 Beijing Summit of the FOCAC, President Hu Jintao of China made a commitment to double China's aid to African countries by 2009. The Forum also pledged to work together to increase bilateral trade between China and Africa to exceed \$100 billion. President Hu announced that Beijing would provide \$5 billion in special credits, including \$2 billion in commercial loans and \$3 billion in soft loans, to support and promote Chinese investment in Africa. Additionally, China promised to cancel \$1.4 billion of debt owed by the poorest and least developed African nations with which it had political relations. Furthermore, China planned to construct 30 hospitals and provide education to 15,000 Africans (Jacoby, 2007: 3-4; Chaponnière, 2009: 59-61). The competition between China and the United States drove this strategic focus on improving trade relations with Africa. Notably, bilateral trade relations between the United States and Africa declined from \$99 billion in 2006 to \$86.7 billion in 2009 (Source: the United States Census Bureau, accessed on 23.03.2023). In contrast, China increased its trade relations with Africa, becoming a dominant actor through its approach of debt forgiveness, increased investments, and the provision of aid and scholarships to African countries.

In addition, the Chinese president further announced the establishment of the China-Africa Development Fund (CADF) to realign Beijing's investment strategy by promoting industrialisation and building the capacity of the African economy through direct investments. Consequently, CADF offices were opened in South Africa, Ghana and Ethiopia (Hanauer, Morris, 2014: 40). In 2010, CADF made a significant investment of around \$800 million in 30 projects throughout Africa. The investments included a range of projects, such as Zimbabwe's Ferrochrome plant by Sinosteel, Ethiopia's glass plant by CGC Overseas Construction, and Ghana's power plant by Shenzhen Energy Investment. Additionally, cotton projects in Zambia, Malawi and Mozambique were also included in the investment. The CADF also entered into a deal with the National Nuclear Corporation of China to explore and develop uranium resources all over Africa (Shinn, Eisenman, 2012: 134).

The African leaders offered Beijing competitive interest rates in exchange for commercially attractive aspects such as allocating funds for resource projects with guaranteed loans, repaying some through resources (resource-secured loans), and awarding project contracts to Chinese companies. However, these agreements have come under increased scrutiny from many domestic quarters, which have accused their governments of being overtly favourable to Beijing as Chinese companies were to provide both material and resources for the projects, either in full or in part (Thrall, 2015: 41).

This has seen China emerge as the largest lender in Africa, providing significant financial support to numerous African countries. Beijing not only surpasses the European Union, which financed Africa with approximately \$28.3 billion (€26.6 billion) over a decade (Lilyanova, 2021: 8), but also outpaces the United States' EXIM, which supported transactions worth \$12.4

billion in sub-Saharan Africa between 2009 and 2019 (Menski, Perry, 2021). China's lending dominance is evident in its status as the leading bilateral lender to 32 African countries and the entire continent. Examples of African countries that received substantial loans from China include Angola (\$25 billion), Ethiopia (\$13.7 billion), Kenya (\$9.8 billion), the Republic of Congo (\$7.42 billion), Zambia (\$6.38 billion), and Cameroon (\$5.57 billion) in 2018. Moreover, China has demonstrated a commitment to debt relief, cancelling at least \$3.4 billion of debt from countries like Zambia, Cameroon, Ghana, Sudan, Ethiopia, Mali, and Mozambique between 2000 and 2019 (Brautigam, Acker, Huang, 2020: 27,30). A 2007 IMF report reveals that around 34% of China's assistance to countries under the HIPC (Heavily Indebted Poor Countries) Initiative came through debt cancellation, benefiting nations such as Benin, Cameroon, Ethiopia, Guyana, Mozambique, and Niger (Report of the International Monetary Fund International Development Association (IMF), 2007: 9-10).

China's financial assistance to Africa was mostly directed at the energy, media communications, and transportation sectors. These are further organised under monetary and social frameworks like roads, health, mining, agribusiness, education and sports. Beijing has used concessional loans and credit lines across Africa, like allocating \$2 billion to Equatorial Guinea and various smaller loans to Sub-Saharan African nations to expand its engagements in the continent.¹² Beijing has used these credit lines astutely to ensure that the countries benefiting from this prerequisite accede to their conditions and allow only Chinese organisations to bid for the infrastructural projects, as witnessed in Angola.¹³ Additionally, under its broadly practised principle of "raw materials in return for infrastructure", Beijing awarded these loans, considering the resource base of borrowing countries such as oil stocks in Angola, with whom it entered a series of multibillion-dollar mineral-for-infrastructure deals. This resource for infrastructure is, in a way, the continuation of the ancient barter system of exchange, which remained in vogue for centuries before the introduction of money tenders.¹⁴

¹²Based on the definition provided by the OECD statistic portal, concessional loans can be defined as loans that are offered on terms that are significantly more favorable than those offered in the market. This is achieved through a combination of factors such as lower interest rates or grace periods, or both. One of the distinguishing features of concessional loans is that they usually come with long grace periods. (OECD Glossary of Statistical Terms, "Definition Concessional Loans", 27 August 2003, <https://stats.oecd.org/glossary/detail.asp?ID=5901>, accessed 15.04.2022).

¹³ A line of credit is a great financial tool that a borrower can draw on at any time. There are different types of credit lines, including personal, business, and home equity. The main advantage of having a line of credit is that it provides built-in flexibility to borrowers. However, it's essential to note that there are potential downsides to consider, such as severe penalties for late payments, high-interest rates, and the possibility of overspending (Hayes, 2021).

¹⁴ Bartering is the exchanging of one product or service for another product or service without using a medium of exchange such as money. The barter economy differs from the money economy in many ways. The main difference is that goods and services are exchanged instantly and exchanged. It is a negotiated or fair deal, and each party gets what they want or need for the same amount it offers in exchange. There are several reasons why the barter economy, or the ability to barter, is beneficial. Cash may not be available immediately, but goods and services are available. Bartering permits individuals to get what they already have and need. The problem with the barter economy is its inefficiency. The first potential issue is not being able to find the supplier that is needed. The second potential problem is trying to ensure a fair exchange. (<https://corporatefinanceinstitute.com/resources/knowledge/economics/bartering/>, accessed 15.04.2022).

In the case of Angola, oil diplomacy has remained an important feature of their relationship. Within this context, Angolan imports from China witnessed an exponential jump of 400% between 2001 and 2019. In 2004, the state-owned China Exim Bank delivered a \$2 billion credit bundle to Angola in return for 10,000 barrels a day of oil and carrying out infrastructure projects by the Chinese firms, such as the reconstruction of the Benguela railway. This 1067mm gauge and 1344 km long Benguela Railway connects the landlocked DR Congo and Zambia to the Atlantic coast through the Lobito Corridor and has accrued an essential role in transporting copper and cobalt ore to the international market via Lobito Port. Though the agreement was mutually beneficial to these countries, it enabled Beijing to increase and strengthen its footprints in Angola's oil economy (Deych, 2016: 181; Tull, 2006: 470; Lafargue, Brown, 2009: 82; Kragelund and Dijk, 2009: 86; Dijk, 2009: 9-10; Jiang, 2009: 597).

Similarly, in July 2005, a significant agreement was signed between Petro China International Petroleum Corporation and the Nigerian National Petroleum Corporation (NNPC). The agreement involved a crude oil sale worth \$800 million and a substantial investment of \$2.3 billion for a stake in a Nigerian gas and oil field, marking it as the largest foreign investment in the country.¹⁵ However, Nigerian oil exports to China experienced a sharp decline of 75% in 2006, prompting the attention of 27 Chinese National Oil Companies towards production agreements in Nigeria. As a result, Beijing finalized a \$4 billion deal for drilling licenses, granting CNPC the right of first refusal in four oil exploration blocs. In return, CNPC committed to investing \$4 billion in infrastructure, which included the acquisition of a majority stake in Nigeria's 110,000 barrels per day Kaduna oil refinery, as well as the construction of railways and a power plant.

Furthermore, China-Nigeria engagements expanded beyond raw material extraction, as the Special Economic Zone established by China gained national importance for Nigeria. The zone served as a regional hub, facilitating re-exports to the West African region (Jiang, 2009: 599-601; Meidan, 2006: 81; Davies, 2008: 136). These agreements were regarded as “a bold strategy” by Jiang (2009: 601) since Beijing offered up to \$50 billion in export guarantee loans to attract Nigeria, which is Africa's largest oil producer.

Like Nigeria and Angola, China signed infrastructure and economic cooperation agreements with Kenya in return for oil exploration activities. For example, during President Hu Jintao's 2006 visit to Nairobi, several cooperation deals were signed, including an offshore exploration agreement that allowed the China National Offshore Oil Corporation (CNOOC) to explore six blocks covering more than 115 square kilometres in the south and north of Kenya. Additionally, Beijing provided Kenya with about \$8.7 million in grants, including a package of economic and technical cooperation, apart from rice donations for victims during drought and antimalarial drugs. Moreover, in 2012, Chinese development aid and companies helped expand and build infrastructure across Kenya, including the 49 km Nairobi Thika Highway project-Kenya's first highway, which, along its widest stretch, offered four lanes for traffic in each

¹⁵ China has the three largest oil companies, China Petroleum and Chemical Corporation (Sinopec), China National Petroleum Corporation, and China National Offshore Oil Corporation (CNOOC), and they have significant operations in Africa (Hanauer, Morris, 2014: 25).

direction. Chinese construction companies also raised housing infrastructure, which included ten public housing complexes in Nairobi, such as Great Wall Apartments, Sunhills Apartments and Jacaranda Gardens. However, these developmental engagements aside, many have criticised the quality and suitability of Chinese projects (Meidan, 2006: 81; Bénazéraf and Thornely, 2014: 53-54,57).

Beijing also followed ‘raw materials for infrastructure building’ in the Central African country of Gabon. Its Sinopec signed a protocol with the Gabonese energy ministry for seismic exploration, refining and exporting petroleum products. In addition to the oil sector, Chinese mining companies were encouraged to finance, implement, and oversee projects using mineral and metallurgical resources from Gabon, particularly manganese and iron. In return, China built a deep water port at Santa Clara, north of Libreville, and two rail lines needed to transport iron minerals in the country's northeast. While engaging in infrastructure development, such as the construction of two branches of the Trans-Gabon Railway connecting with Santa Clara, the China National Machinery and Equipment Import and Export Cooperation (CMEC) tapped into Gabon's substantial reserves, estimated to be around one billion tonnes. In order to facilitate the extraction of iron minerals, the construction of a hydroelectric dam was necessary to provide the required energy. Furthermore, other collaborative projects in the country included the establishment of two timber processing firms, an industrial fishing company, a Sino-Gabonese hospital, and the potential development of Loango National Park in southern Gabon (Meidan, 2006: 80; Jiang, 2009: 604).

Likewise, China signed agreements with Congo to explore its offshore oil after Premier Wen Jiabao's June 2006 visit to Brazzaville. Under a deal between Congo's state-owned oil company and the Chinese government, China agreed to import 1 million tonnes of Congolese crude oil annually. In return, Chinese companies signed several contracts, including constructing the Congolese Foreign Affairs Ministry's premises, state-owned radio and television headquarters and the largest hydroelectric dam in northern Brazzaville (Meidan, 2006: 82).

Aside from Congo, China provided support for construction projects in various other African countries. This included the construction of new buildings for the foreign affairs ministries in Djibouti and Uganda, stadiums in Djibouti, Mali, and the Central African Republic (CAR), as well as parliament buildings in Gabon and Mozambique. Additionally, China contributed to the refurbishment of the TanZam railway in Africa (Alden, 2005: 150-151). Furthermore, apart from Sinopec's offshore investments, Beijing also invested in mining manganese, oil, and gold in Cote d'Ivoire, with a focus on exploring its oil fields. In fact, China acquired over 27% of the oil bloc in Cote d'Ivoire (Meidan, 2006: 82).

As highlighted above, nearly 30% of the Chinese lending of \$42.8 billion from 2000 to 2017 went to Angola, followed by Ethiopia with Chinese credits of \$13.7 billion. Other significant beneficiaries of China's loan borrowers include Congo, Kenya, Sudan, Cameroon, Zambia, Nigeria (\$600 million in 2012), and Chad (\$476 million in 2007 and \$130 million in 2012). A close reading of the investments as per economic sectors reveals that China has significantly preferred countries with large reserves of hydrocarbon resources or other resource extractive bases. For instance, half of Beijing's ten major borrowers have either hydrocarbon or extractive bases. Edwards (2020) has revealed that a significant proportion of Chinese loans, about \$38

billion, between 2000 and 2016 went to transport, power, mining and extractives; sectors deemed to have direct economic and financial returns.

At the same time, the loans extended by China created a repayment crisis for several African borrowers as their debts continued to accumulate. Kenya, for instance, found itself owing Beijing nearly \$6.5 billion, which accounted for 22% of its total external debt. The risk of default posed a threat to critical infrastructural assets, such as the port of Mombasa, being handed over to Chinese corporations. Similarly, in Angola, there was widespread discontent regarding the repayment of an oil-for-loan deal with China, as it left little crude oil available for export to other buyers. Nigeria also experienced a substantial increase in its debt to China, witnessing a 136% rise between 2010 and 2015, surging from \$1.4 billion to \$3.3 billion. Nigerian parliamentarians responded by seeking to investigate Beijing's lending practices and review the "government guarantee clause" in their loan contracts. The mounting external debts prompted the Ugandan government to postpone the construction of the Kampala Entebbe Highway amidst concerns raised by opposition factions. All in all, at least 18 African countries had to renegotiate their debt to China, whereas 12 others sought to limit credit to about \$28 billion (Chaudhury, 2021).

Interdependence implies that partners rely on each other, but when one partner fails to fulfil their obligations, the stronger partner may exert pressure and eventually take over. In Africa, China engages in a mutual partnership with its African counterparts, but at a cost to both parties. For example, if China builds infrastructure such as railways and harbours with its materials and labour without training local Africans to become artisans, engineers, or managers, in that case, the African country may become perpetually dependent on China. Infrastructure development also involves engineering, management, and social and political issues, such as land expropriation for construction, exploitation of minerals without regard for local inhabitants, and so on. Hence, as China continues to provide significant infrastructural support and increased loans to African countries, it is clear that its involvement's impact is becoming more evident. It has led to heightened African countries' sensitivity towards China and decreased China's vulnerability to African countries due to the determining agreement's rule. It is important to carefully analyse such partnerships' potential benefits and drawbacks to evaluate these asymmetrical interdependence relations.

Interestingly, as much as providing smaller interest loans became a significant strategy for China to increase its footprints across Africa, it has astutely exploited debt restructuring to present itself as a benevolent actor by offering to either full or partial cancellation of the debts of some of the heavily indebted poor African countries. During the FOCAC Addis Ababa Summit of December 2013, Chinese Foreign Minister Li Zhaoxing stressed:

The Chinese government has kept its promise undertaken at the first Ministerial Meeting by completing ahead of Schedule greater reduction of the African debts. By June 2002, China had signed debt exemption protocols with 31 African nations, cancelling 156 African debts totalling 10.5 billion RMB yuan. At the same time, China has been actively urging the international community to honour their debt reduction promises without further delay (Report by H.E. Mr Li Zhaoxing, Minister of Foreign Affairs of China to the Second Ministerial Conference of the China-Africa Cooperation Forum December 15, 2003, Addis Ababa, 2004: 214).

According to Alden (2005), by adopting this debt restructuring and forgiving, China tried to differentiate itself from other competitive Western powers operating in the continent. It presented a progression of trade concession goods for 25 of the poorest countries in Africa. Thrall (2015) argued that Beijing became concerned about its image as an “exploitative power”, which influenced its decisions to absolve \$2.8 billion in outstanding debt from 35 states in Africa between 2000 and 2009. According to Shinn and Eisenman's (2012) argument, China was accused of having lower standards, which could potentially increase corruption and undermine democratic institutions, particularly in oil-rich nations. This would undermine debt forgiveness, and China offered debt forgiveness depending on the situation instead of setting up standards.

At the same time, there was a notable disparity between the number of loans China granted to African nations and the amount of debt cancellation that took place. For instance, Angola, Ethiopia, Zambia, and Kenya received loan commitments from Chinese investors amounting to approximately \$42.6 billion, \$13.7 billion, \$9.9 billion, and \$9.2 billion, respectively, between 2000 and 2019. However, Beijing suspended a portion of these debts, including \$3.9 billion to Angola, \$190 million to Ethiopia (equivalent to 30% of outstanding debt service), \$227 million to Kenya (21% of outstanding debt), and \$468 million to Zambia (the entire outstanding debt) (Brautigam, Wang, 2021). Consequently, critics of China's extensive engagement in Africa labelled its loan policy as "debt-trap diplomacy." An illustrative case is Sri Lanka in 2017, when the country's economic decline left it unable to repay its loan for the development of the Hambantota port. As a result, Sri Lanka entered into a debt-for-lease agreement with China, granting China a 99-year lease on the port. This agreement drew significant criticism, particularly since the port was transformed into a strategic maritime and logistics centre for China's naval operations (Edwards, 2020: 27). However, Sui (2020: 17) argued that China was being unfairly targeted as a proponent of "debt-trap diplomacy". While it may be argued that a single example does not establish a pattern, the exception does support the suspicion that China could utilize its power to secure advantages for itself.

Accordingly, while Africa offered raw materials of coal, petrol, cobalt and copper to China, despite some African countries like Ethiopia and Cameroon lacking natural resources, Beijing emerged as an ideal partner for African governments as it did not precondition its loans, aid and investments on issues such as human rights practices and democratisation, and even provide them with diplomatic support due to its non-interference diplomacy. Therefore, African states viewed China more positively than the Western states led by the USA. However, this partnership has brought both advantages and disadvantages. In the interdependence context, while African states can get a loan quicker from China and China's low-interest loans have provided resources for development, employment, and infrastructure investments, they have increased the sensitivity and vulnerability of African countries to China. For instance, there still lies the possibility of a debt trap and suspicion of what such indebtedness could mean in the future. In that regard, the current debt impasse further amplifies this vulnerability, as it allows China to determine the rules of its relationships with Africa and act as it pleases. As a result, there is a risk that this interdependence relations may turn into dependence relations.

3.3.4. China's Infrastructural Projects in Africa

Infrastructure building remains one of the significant domains manifesting the widespread Chinese engagements with African countries. Within BRI's broader scope, Beijing used it to assert its presence in the African landscape. Building the basic developmental infrastructure was expected to revitalize the local economy, raising China's African profile and meeting its market requirements for its vast economic entities by importing resources and exporting finished goods. In this context, this section examines how Chinese infrastructure investments augment and revive the local economies of African countries and its expected returns for Beijing.

As already illustrated in the preceding chapters, colonialism left Africa ravaged by poverty with visibly zero infrastructure. Therefore, countries like Kenya, Tanzania, Rwanda, Uganda, Burundi, Djibouti and Ethiopia sought to improve the required infrastructure to maintain economic stability, job creation and develop a manufacturing base to reduce poverty and transform their agrarian economy into knowledge-based economies that need infrastructure such as rail, roads, air travel, energy, telecommunication, 4G and 5G systems, artificial intelligence, surveillance systems, including scientific and technological knowledge to be part of the "modern world". As part of their national development strategies, various African leaders encouraged Chinese infrastructural investments as they viewed China's developmental story with admiration and without any baggage like the Western powers. Consequently, China has been more engaged with African infrastructure than Western countries from the 2000s to the present. Resultantly, it undertook over 30% of the total value of the African infrastructural projects in sectors such as rail, road, energy and housing across countries like Algeria, Nigeria, Djibouti, Kenya, Ethiopia, South Africa and Uganda. Zhi (2018) asserts that this Sino-African infrastructural cooperation aimed not just to build railways, highways and bridges but strengthen bilateral relationships to realize their shared dreams of development and claim their rightful place in international relations.

The Chinese state-owned and private companies maintained their presence in over 40 countries between 1994 and 2019. In East Africa, its companies were heavily invested in transport and related infrastructural projects. It included laying railway lines from Ethiopia to Djibouti, connecting coastal towns with agricultural and industrial centres in the interior, and from Mombasa to Nairobi; highways from Addis Ababa to Adama, Nairobi to Sikha, 12 roads in Tanzania and eight in northern Ethiopia, and international connections connecting Tanzania with Uganda. These roads contributed to strengthening the transportation network of these states. Others included a ring road around Nairobi, the tram in Addis Ababa and two airports in Tanzania. Besides transport, China played a significant role in constructing dams and power generation projects. For instance, some significant projects China helped build included the Dawa Hydroelectric Power Station in 2011, Fincha Amerti Neshe (FAN) hydroelectric station in 2011 and the Tekeze Hydropower stations in 1999 in Ethiopia, the Isinbay in 2019 and Karuma Hydropower Plants in 2013 in Uganda, and the HGF water supply control project and coal power plant in Lamu in Kenya. These projects were worth over \$5 billion with a production capacity of two million kilowatts of energy and significantly contributed to these countries (Zhi, 2018: 34-45).

In 2006, China played a significant role in several construction projects in various African countries. This included the construction of a \$300 million aluminium production plant in Egypt, a \$300 million refurbishment deal for Nigeria's expressway, and a \$200 million copper project in Zambia (Meidan, 2006: 84). Additionally, in 2007, the Democratic Republic of Congo signed a \$6 billion loan agreement with China to finance crucial infrastructure projects such as roads and hospitals, in exchange for mining leases (Chaponnière, 2009: 74). In the same year, Gabon received \$3 billion in infrastructure loans from the Exim Bank of China. These funds were allocated for the construction of a 560 km rail line connecting Belinga to the coast, the development of a transportation harbour north of Libreville, the establishment of a hydroelectric dam on the Ivindo River, and the creation of an iron mine and manufacturing plant (Alden, Hughes, 2009: 22).

In 2011, Tanzania's Dar es Salaam became the first port of call on the East African coast for the world's largest cargo mega-ship arriving from China's Port of Dalian carrying 8,000 vehicles after navigating for two weeks (receding previous delivery time by a third). It continued as monthly to-and-fro sailings from the Chinese ports to African ports, and with its large carrying capacity and high speed has contributed significantly to growing Sino-African trade ever since. These rapidly growing Chinese engagements fueled tensions among African producers, with concerns over export competition, trade deficits, infringement of intellectual property rights and substandard Chinese products (Shinn, Eisenman, 2012: 120).

In fact, developmental projects on such a large scale across Africa by China have both positive and negative effects, which exist simultaneously. Beneficiaries include those who benefit from any corrupt or fraudulent actions in and outside of government, while losers include those whose land or small enterprises are damaged or threatened. In conclusion, the Chinese way of diplomacy and development, on balance, brings overall benefits, but at great cost to certain categories or classes of people, and the cost might be too high at times as it threatens the very stability that states want.

In 2009, China also provided an infrastructural loan to modernize the Tanzam (Tanzania-Zambia) Railways. This project was built by China from 1970 to 1975, linking copper mines in Zambia's Kapiri Mposhi to Tanzania's Dar-es-Salaam port. China's largest aid project in Africa in the 1970s reflected Mao's support of African socialism.¹⁶ In the case of Angola, Beijing helped restore the Benguela railroad in 2014, which created a functioning East-West

¹⁶ The Tanzam railway financed by China with an interest-free loan of Shs 2,866 million provided the debt was paid off in 30 years was significant for Tanzania and Zambia. According to Bailey, it would support Tanzania and Zambia's economic development especially by opening up with transport connections. For instance, Agricultural production was expected to increase along the railroad, particularly in the Kilombero Valley (sugar and rice) and the southern highlands (corn, coffee, tea, wheat, pyrethrum and cattle). Mineral resources, particularly coal and iron core, were exploited and were expected to form the basis of a heavy industry sector in Tanzania. Secondly, it would assist with breaking Zambia's reliance on the white-managed systems of Southern Africa and empower the Zambian Government to chance giving more noteworthy help to the freedom movements. It was also important for China because Chinese products were sold by state commercial companies in Zambia and Tanzania. Mutual relations between China and Tanzania showed that the two countries were opposed to the status quo of the global system of that time and the unequal international distribution of wealth and influence (Bailey, 1975: 41,46-47).

infrastructure corridor across Africa for the first time (Davies, 2008: 136; Dijk, 2009: 9-10). China also focused on new railway projects in Mauritania, Nigeria and Gabon.

Road construction also emerged as an important investment sector for Beijing in African countries such as Botswana, Ethiopia and Sudan, where its monopoly remains evident. Most of these road projects were pursued through China Road Bridge Corporation (CRBC), its flagship company in the continent (Bailey, 1975: 39-40; Dijk, 2009: 9-10; Chaponnière, 2009: 58-59).

One of the most important facets of the modern world is manifest in the penetration of digital technologies. China plays a crucial role in Africa's digital transformation, bringing about positive changes in education, the economy, and daily life. As part of the broader Belt and Road Initiative (BRI), China has actively supported and benefited from Africa's aspirations for digital advancement by contributing to the development of digital infrastructure on the continent. One of China's major telecommunications companies, Huawei, has played a dominant role by controlling over 70% of Africa's 4G networks and extending digital connectivity even to the most remote rural areas of the continent. Beijing has emerged as a prominent player in both hardware production and software development in Africa. For instance, Transsion Holdings, based in Shenzhen, has secured a significant market share of 58.7% in the mobile market and 34.3% in smartphones across the continent. Chinese companies have gained an edge over others by adapting their devices to local preferences and offering affordable options.

A vast network of internet infrastructure was laid across the region, most traced to China's efforts. According to Sui (2020), this cooperation though largely commercially motivated, guided a wave of positive change across Africa and demonstrated Beijing's willingness to help African countries reduce the developmental deficit. Despite this, this role also raised concerns about China's potential abuse of its privileged position to help African countries turn this technology into advanced surveillance tools. Within this technological cooperation, China also helped raise infrastructure for modern digital satellite television, though the motivation to increase their cultural influence through television remains there. In this context, President Xi announced a 10,000-village project in 2015 that brought digital television to the poor areas of Africa, where access to television was formerly an elite privilege (Sui, 2020: 20-21).

The interdependence between China and African countries is constituted of weaker and stronger parties benefiting in many ways, but also of the unequal relationships affecting those below the national state level, such as the sub-national level. In this context, while African countries have gained technological progress because of China, there is also a risk of Beijing controlling these countries through technological superiority. Thus, China benefits more from African countries, which is the nature of asymmetrical interdependence relations so that the asymmetrical relations may transform into dependency relations. The real value of interdependence lies in the mutually constitutive roles that African states and China play with each other.

Although local African governments sought Beijing's aid in raising infrastructure, China's role remained contested. Many local actors detested Chinese involvement as Chinese companies

pushed them to the margins. In Zambia's public and private construction sectors, Kragelund and Dijk (2009) asserted that though local companies dominated, around 1,300 registered companies had foreign ownership, including twenty from China. What surprised many was that most of the largescale investment bids went to Chinese companies as foreign companies. Though the Chinese did not compete directly with Zambian companies that supplied and maintained infrastructure and provided materials for foreign companies, they established their supply chains, pushing the local companies to the margins and radically changing the construction business landscape in Zambia (Kragelund and Dijk, 2009: 94). However, structural issues, highlighted by Bbaala (2015), have impeded local companies from competing with outside construction companies. For instance, in 2006, when Eximbank granted Angola a \$4 billion loan for post-war reconstruction against 10,000 barrels of oil per day, only a few Angolan companies could apply to earn sub-contracts, 30% of the works with the Chinese companies.

Meidan (2006) contended that Chinese companies did not generate any local employment given their Chinese workforce. Instead, its goods exports to the continent also pushed the local producers and distributors to the margins. Bénazéraf and Thornely (2014) claimed that the Chinese companies did not hire local skilled labour and offered nominally lesser wages, often against local regulations. However, Seyoum, Wu and Lin (2015) argued against and held that the Chinese intervention was positive for local employees of these multinationals because of their better working conditions and higher wages. At the same time, Lafargue and Brown (2009) asserted that the largescale presence of Chinese workers in these countries became a regular source of contention locally and fueled apprehensions of "Chinese colonisation" as local production and commercial development were severely affected. For instance, when Beijing's large-scale investments in Zambia's copper mines sparked protests in 2008 against potential layoffs and poor wages amidst global financial recession and local opposition leaders exploiting it for political campaigns, Chinese authorities ordered its companies against taking any steps that could jeopardize their broader interests (Shin, Eisenman, 2012: 131).

These generalized assertions have been contested by Tull (2006), who contends that though China was an important infrastructural actor (building power plants, dams, roads, and rail lines), however, its investments were not commercially oriented. While some were "tied" to the Chinese aid, others were simply unprofitable, given Chinese generally offered below-market rates. Instead, these formed part of China's interlinked political and economic strategies like the lack of short-term business benefits did not preclude long-term investment from generating significant returns. Moreover, as most infrastructure projects were public area works, Beijing considered its investments as benevolence projects to win sympathy from African heads of state to nurture political support, a role in Africa's developmental trajectory, and secure access to energy and other resources. To this end, Sui (2017) argues the Chinese consideration for positive contribution to the local economy is reflected in their companies establishing local manufacturing units for the regional requirements, constituting over 12% of the continent's total industrial production (as of 2017). Yet Deych (2016) insists that notwithstanding its promises of generating employment and reviving the economy, the Special Economic Zones created by Beijing contributed very little to the African economy since the Chinese companies prioritized Chinese labour who remitted their earnings back to China.

However, within the context of interdependence, the research highlights that China has played an active role in creating employment opportunities and economic development in African countries by building power plants, dams, roads, and railway lines. Yet, in return, China has gained support from Africa, met its needs for agricultural products and mines, and established dominance over trade routes by constructing regional railways and roads. This has resulted in an asymmetrical interdependence relationship where China has benefited more than Africa, and African countries have become more sensitive and vulnerable to China. Eventually, the asymmetry tends towards becoming dependent due to increasing debts, aid, and technological dependency.

3.4 Conclusion

This chapter has examined China's relations with African countries to contextualize BRI's significance by evaluating its contribution to the developmental scenario of the continent through large infrastructural projects, FDIs, loans and aids.

As is manifested in this chapter, China's economic involvement in Africa has remained a significant priority for decades. Given the above-explicated evidence and the broader context of the interdependency model, it can be sufficiently argued that both China and Africa have profited from their engagements, notwithstanding the project's further entrenchment and strengthening of the asymmetric nature of this interdependent relationship. However, there have also been limitations as negative aspects in asymmetrical interdependence relations between African countries and China.

For instance, the BRI has ensured that Beijing kept its financial largesse available for the African countries and provided them with the necessary financial capital through concessional loans and low-interest or interest-free loan opportunities for industrialization, infrastructure, and employment, thereby contributing positively to Africa's development trajectory. In return, China has access to Africa's dynamic and growing markets, a secured supply chain of raw materials and energy sources for its manufacturing sector, and political support in the international arena. However, competition from the US, Europe, and other Asian countries in Africa, along with potential internal conflicts and security issues, as well as fluctuations in the prices of essential goods and mineral resources, have both limited and increased China's sensitivity and vulnerability in its asymmetrical interdependence relations with Africa.

On the one hand, Chinese involvement has also resulted in increasing African countries' sensitivity to China with trade imbalances and the invasion of inequality in the African market, and African countries' vulnerability to China with control of African nations through China's technological infrastructure, increased environmental risks, land dispossession of local people, and damage to local enterprises. These factors have threatened to increase African countries' dependence on China in the long term.

In conclusion, China being a dominant partner and a powerful international actor has meant that the country benefited more from its interdependence relations with African countries. As such, this relationship is characterized by an asymmetrical interdependence, but there is a risk of the interdependence relationship turning into dependency.

These conclusions lead us to the next chapters, focusing on the interdependence relations between China and Ethiopia and China and South Africa, respectively, which explore the positive and negative impacts of China's FDI, loans, infrastructure, aid, and trade in the relations with these two African countries.

Chapter 4

Ethiopia in China's Belt and Road Initiative Project

4.1 Introduction

The African countries have been one of the cornerstones of China's rising story. Beijing has to ensure that its policy towards the continent remains tilted to its advantage with its "Noble" aim¹⁷ of regaining "Chinese greatness" with the BRI by challenging the status quo of the Western-dominated international order to make it more inclusive by bringing both developing and underdeveloped countries to reshape the International Relations landscape and maintain a dominant power in its interdependent relations with Africa, specifically, South Africa and Ethiopia, which are significant in both political and economic terms.

As explicated in the previous chapters, in exchange for infrastructural building through investments, loans or aid across the African continent, the region offered a sustainable and secure resource base such as copper, natural gas, oil and agricultural products, among others. However, despite attempts to enhance infrastructure in Africa, there are still notable deficiencies. An article by Signé (2021) highlights a report from the African Development Bank (AfDB) in 2018 that indicates the continent requires between \$130 and 170 billion each year to meet its infrastructure needs. This leads to a funding gap of around \$68 to 108 billion (Signé, 2021). As an example, China provided \$153 billion in loans for infrastructure ventures in Africa during the period between 2000 and 2019. Beijing's investment profile in Africa diversified steadily, with 66% of loans directed to the energy and transportation sector in 2014-2019. On average, the Chinese financial institutions funded 70 projects with an average worth of \$180 million annually between 2010 and 2019 in countries such as Zambia (copper mining), Algeria, Mozambique, Egypt, Sudan, Kenya, Nigeria, Ghana, Angola (oil and gas extraction), Tanzania, South Africa (gold mining). Between 2009 and 2019, despite fluctuations during the 2005-2019 period, Beijing's foreign direct investment (FDI) accumulated \$345 billion, with the value of its companies in Africa totalling over \$2 trillion (Monyae, Nkala, 2021: 1; Chaudhury, 2021; the Diplomat, 2021). The fund aimed at developing Africa has both positive and negative impacts on the interdependence relationship between African countries and China. This chapter focuses on Ethiopia's connection with China as a case study to shed light on the topic.

With its significant geostrategic position within this matrix of bilateral relations across Africa, Ethiopia emerged as an important actor in China's regional calculations and has acquired an active role in the African component of the Silk Road Project. Within the overarching framework of the interdependence theory, this chapter examines the reasons that convinced Beijing to allocate significance to Ethiopia in its flagship Belt and Road Initiative (BRI) and how the two countries resultantly conducted their asymmetrical interdependence relations in light of this project. The chapter further assesses the role of China's investments, infrastructure

¹⁷ As per a podcast by Ogden published in 2022, China has some important noble aims. Firstly, China does not want a destabilised order in the world and prefers to change it peacefully. Second, China prioritises its interests over everything else. Lastly, it is willing to coexist with different regimes, including democracies and authoritarian or totalitarian governments, as long as they do not intervene in their internal affairs (Ogden, 2022).

building, aid, loans, and trade in Ethiopia's economy through sensitivity and vulnerability. Sensitivity is one of the critical factors that can impact power dynamics in interdependence, influenced by factors such as trade dependencies, resource dependencies, and economic interconnections. Vulnerability is also significant in identifying which actors can establish the rules of the game, and factors such as debt levels, dependence on a single industry or export, and economic inequality can influence a country's economic vulnerability. The chapter also analyses China's intentions and actions towards Ethiopia, as well as Ethiopia's response to China's overtures. The chapter also delves into the potential advantages and disadvantages of their asymmetrical interdependence relations, turning into a trend toward dependency relations. Additionally, the chapter explores how China uses soft power in its interactions with Ethiopia.

Ethiopia, situated in the resource-rich Horn of Africa, is a landlocked country and the second most populous nation in the region after Nigeria.¹⁸ Apart from a period of Italian occupation from 1936 to 1941, Ethiopia has a long history of independence and is the oldest independent country in the region. It holds the distinction of being the first African nation to become a member of the League of Nations and is also a founding member of its successor, the United Nations (UN). Ethiopia has strategically capitalized on its location to achieve rapid economic growth and has emerged as a significant regional power. It shares borders with South Sudan and Sudan to the west, Djibouti to the northeast, Eritrea to the north, Kenya to the south, and Somalia to the east. The capital city, Addis Ababa, serves as a hub for various multilateral and diplomatic missions, including the African Union and the Africa chapter of the United Nations Economic Commission (UNECA), along with several accredited missions of the UN and the EU. Ethiopia is also a member of the Intergovernmental Authority on Development (IGAD) since 1993 and the Common Market for Eastern and Southern Africa (COMESA) since 1981. Its strategic location in proximity to the Middle East further adds to its significance in China's broader policy towards Africa and the Middle East, including the Belt and Road Initiative (BRI).

In addition, Ethiopia emerged as a seat of post-colonial political symbolism in the region, with its ruler Haile Selassie bringing together 32 heads of the state from across the continent in 1963 and founding the Organization of African Unity (OAU). Since 2002, it has served as the headquarters for the OAU's successor organization, the African Union (AU). Ethiopia has been a focal point for anti-colonial movements, providing military training, diplomatic support, and material assistance to liberation movements in countries such as South Africa, Namibia, and Zimbabwe. Ethiopia has also acquired a strong regional military role, significantly contributing to the UN and AU peacekeeping missions, even as it has hosted close to a million refugees from neighbouring countries like South Sudan, Somalia, Sudan and Eritrea.

This dominant regional role in political, economic and cultural dimensions has ensured the country remains a focal point of major power attention, including from China. Beijing has astutely attempted to capitalize on Ethiopia's domestic market, its memberships in IGAD and COMESA and its seat as the AU headquarter to access the broader region.

¹⁸ Ethiopia is rich in natural resources such as phosphorus, tantalum, gold, iron, potash, soda ash, salt, gemstones, natural gas, niobium, coal, geothermal, platinum, copper, manganese, nickel, marble and molybdenum.

The importance of Ethiopia as a symbolic and one of the political, regional, and continental diplomatic sites in Africa is not denied. However, in the context of interdependence, these issues take prominence over diplomacy, even where diplomacy provides the overall ideological cover. Indeed, for example, China's interest includes its rich mineral deposits, and a key critical point is that in this bilateral relationship, Ethiopian exports to China have grown considerably over time, even though there is a notable trade deficit in favour of Beijing. Similarly, China's infrastructure, investments, aid, and loans have increased its role in Ethiopia. The asymmetry in the relations tends towards becoming dependent, with China controlling the vital economic levers and importing raw materials and agricultural products while exporting finished goods and providing external debt and aid. This chapter will delve deeper into these issues.

4.2. Contemporary Relations between China and Ethiopia

The socialist experiment in Ethiopia came to an end in 1991, with the collapse of the People's Democratic Republic of Ethiopia paralleling the disintegration of the Soviet Union at the international level. The subsequent government, supported by Western nations, implemented significant reforms in Ethiopia's development approach and foreign relations. On the domestic front, the government implemented changes such as the establishment of a majority-rule government, the introduction of multiparty elections, and the guarantee of fundamental rights and freedoms. These reforms aimed to promote democratic traditions and were accompanied by measures for economic advancement and privatization. As a result, Addis Ababa received support from Western governments and multilateral institutions. Within this framework, the Ethiopian government, with assistance from the African Development Fund and other multilateral and bilateral donors, implemented the Structural Adjustment Programme (SAP) in October 1992, spanning the period of 1993-1996. The objective of the SAP was to restore macroeconomic stability, reduce inflation, and stimulate medium- to long-term growth in the country (Ethiopia Structural Adjustment Programme Project Performance Evaluation Report, 2000: 1).

Despite these structural reforms since the 1990s, the Ethiopian government failed to attract any significant foreign direct investments and aid until early 2000 (Abeyu, 2012: 36-37). In this background, the Sino-Ethiopian interdependent relations gained momentum, as evidenced by their increased bilateral exchanges. For instance, Meles Zenawi, after assuming power as the prime minister in August 1995, led a high-level ministerial visit to China in October 1995 and signed agreements on Sino-Ethiopian financial and technological cooperation. In return, Beijing also prioritized Ethiopia with President Jiang Zemin visiting Addis Ababa in May 1996 who asserted, "China draws on the legacy of deeply rooted friendship and cooperation with Ethiopia and my present visit will, I am sure help strengthen and broaden areas of bilateral cooperation" (The Ethiopian Herald, 12 May 1996: 1). The Chinese president credited Ethiopia for its potential to pursue its autonomous and non-aligned external relations based on pursuing peace, development and global co-operation to increase its regional status by capitalizing on the Organization of African Unity (OAU) through which it played a significant role in resolving regional conflicts to advance cooperation.

During this visit, Chinese Foreign Trade and Economic Cooperation Minister Madame Wu Yi and the Ethiopian Planning and Economic Cooperation Minister, Ato Girma Biru, signed

multiple agreements, including trade, financial and technological collaboration. Further, Beijing provided Addis Ababa with general items worth 30 million RMBY (over 3.5 million USD), apart from an agreement on the "trading of notes as identified with an unutilized credit "just as one on "trade of notes on the utilization of 20 million RMB" (about \$2.6 million) (The Ethiopian Herald, 14 May 1996: 1,6). At the same time, President Zemin's Ethiopian counterpart, President Negasso Gidada, contended that Addis Ababa accorded greater significance to its relations with Beijing while lauding its human and material support in implementing various infrastructural projects in the country.

Your visit to Ethiopia is historic for many reasons. It is the first-ever visit by a Chinese president to Ethiopia. As such, it represents a landmark in our relations as it also shows your commitment to the friendship between our peoples and countries. Your visit is taking place at a time when the people of Ethiopia are being blessed with peace after three decades of war that had devastated the country and after the establishment of the Federal Democratic Republic of Ethiopia. You are here in our country during a period of hope and at a time when Ethiopia can be said to have been reborn on a new foundation of equality among its various nations, nationalities, and peoples, and during a period when the whole attention of our peoples is focused on the economic rebuilding and generation of the country. Contacts between our two peoples go back deep into history. Since diplomatic relations between our two countries were established in the early seventies, the role of Chinese experts in Ethiopia has been very laudable. The various projects completed with Chinese cooperation have been extremely helpful, and these have left profound memories in our peoples' minds. We wish to consolidate these relations with your country and great people. We are very much aware of how much your country is committed to its relations with all developing countries, how determined you are to promote equality among all sovereign nations, small or big. How committed you are to principles of international law governing inter-state relations. As such, I see a bright future for increased cooperation between our two countries, both in bilateral areas as well as in multilateral activities (The Ethiopian Herald, "Toward a New Historical Landmark in Sino-Ethiopia Relations", 17 May 1996: 3, 6).

The visit proved to be a milestone in their bilateral relations and demonstrated the trajectory of Sino-Ethiopian cooperation. This manifested in their increased economic cooperation as their trade exchange jumped from \$7.36 million in 1992 to \$31.88 million in 1995. This also reflected a shift from their dominant political and diplomatic assistance before the 1990s to financial and cross-sectional developmental assistance (The Ethiopian Herald, 12 May 1996: 1,6). Their bilateral collaboration extended across sectors. For instance, in 2000, a Chinese delegation under the legislative leader of Liaoning Province, Wang Xiang, visited Ethiopia and asserted that Beijing sought Ethiopian partners and financial investors in synthetic compounds, materials, and agroindustry undertakings like Ethiopian cotton, leather, and rubber tree items, which were deemed valuable in the Chinese market (The Ethiopian Herald, 1 November 2000: 1).

The period between 2000 and 2019 witnessed significant growth in Sino-Ethiopian relations with increased trade, investment, and infrastructure collaboration. Accordingly, the leaders from both sides have widely recognized their mutual interests in enhancing diplomatic and economic relations. A statement from the Chinese ambassador to Ethiopia on 26 November 2000 emphasized that Beijing prioritized expanding Ethiopia's existing economic and trade relations and strengthening and consolidating dialogues with the Ethiopian government on regional and international affairs (The Ethiopian Herald, 26 November 2000: 5). As such Ethiopian Foreign Minister Seyoum Mesfin's marked the 30th anniversary of their relations in

December 2000 an important diplomatic milestone in their engagements characterized by “mutual respect and friendly relations.” Chinese Foreign Affairs Minister Tang Jiaxuan shared similar views as he stressed their close ties and bonds of friendship and cooperation. The joint statement by their ambassadors, Addis Alem Balema in Beijing and Ziang Zihengyun in Addis Ababa, noted:

Significant progress achieved in the past thirty years in bilateral relations and the excellent state of friendly cooperation between two countries. Over the last three decades, the relations have been characterized by long-standing friendship and solidarity that closely united the two countries and by mutually beneficial cooperation in all areas of common interest. The excellent friendship and cooperation between the two countries will undoubtedly continue to grow in the years ahead. With this awareness, both countries take advantage of this auspicious occasion and redouble their efforts with the view to bringing about prosperity and economic development for their peoples through strengthening bilateral cooperation. (The Ethiopian Herald, 24 November 2000: 1,3).

These expressions of mutual admiration reveal the significance Beijing accorded to Ethiopia. Interestingly, China convinced Ethiopia to sign a series of agreements in the sociocultural domains to broaden their mutual social understanding before it made any big investment commitments to the country. It aimed to preemptively arrest any negative perceptions that could follow China's investment in Ethiopia. As much as it evidenced Beijing's focus on their mutual cooperation, these were attempts at protecting its investments. One such agreement was signed by Gebre-Ab Barnabas, Ethiopia's Federal Affairs Minister, and WuShimin, Deputy Federal Minister, on communication and cooperation for promoting unity and stability in their countries and across the world (Ethiopia Herald, 20 November 2003: 1).

Interestingly, Ethiopia played a pivotal role in Pan-African politics, and its expanding relationship with China was evident during the Second Ministerial Conference of the Forum on China-Africa Cooperation (FOCAC) held in Addis Ababa on December 15-16, 2003. This summit not only revitalized Sino-African relations but also positioned Ethiopia at the forefront of these engagements. The conference saw the participation of heads of state and governments from 13 countries, including Chinese Premier Wen Jiabao and Ethiopian Prime Minister Meles Zenawi, as well as representatives from 45 African nations and institutions such as the African Union (The Addis Ababa China-Africa Forum, 2004: 169-170). During the summit, the Addis Ababa Action Plan (2004-2006) was adopted, which reaffirmed the commitment to implement the Beijing Declaration from the previous summit. It also outlined new initiatives and measures to enhance Sino-African cooperation in areas such as investment, agriculture, infrastructure development, human resources, and trade (Forum on China-Africa Cooperation-Addis Ababa Action Plan (2004-2006)). Prime Minister Meles Zenawi of Ethiopia expressed Africa's admiration for China, acknowledging its longstanding contributions to the continent, including support in "the liberation of Africa" and its economic development:

Africa will never forget the historical role of China in the struggle against colonialism. We all know and appreciate that China's policy towards Africa has always been based on mutual respect and equality principles to thank China for its strong and consistent support for Africa's quest for sustainable development. The Chinese government should be commended to fulfil its commitment to making significant debt cancellations for 31 African countries. This good

endeavour of the Chinese government to help ease the debt problem of African countries is indeed a true expression of solidarity and commitment to the development of Africa (Opening Remarks by H.E. Ato Meles Zenawi, Prime Minister of the Federal Democratic Republic of Ethiopia, 2004: 198-200).

Likewise, the President of Mozambique and Chair of the African Union (AU), Joaquim Alberto Chissano, echoed the sentiments expressed by Zenawi and emphasized China's long-standing support for infrastructure development in Africa. He highlighted China's contributions to “building roads, hospitals, bridges and schools” and other vital infrastructure projects across the continent (The Addis Ababa China-Africa Forum, 2004: 172-174). In return, Chinese premier Wen Jiabao insisted on their action-oriented future collaborations.

We believe that cooperation between China and Africa should be supported by more actions and contribute to their efforts to promote African countries' economic and social development and the livelihoods of their people. Our friendship and mutual trust are stronger and deeper. Our cooperation in international affairs has been constructive and fruitful.... Our trade and economic cooperation are growing at a more robust pace. China would also open its market and duty-free market access for some products from the least developed countries in Africa. China would also expand its capital investment to the African Human Resources Development Fund by 33% and would give professional training to 10,000 African workforces in the following three years. China would energise and work with commonly mutual collaboration between Chinese and African enterprises and Chinese ventures to put resources into Africa. (H.E. Mr Wen Jiabao, Premier of the State Council of China, 2004: 194-195; The Ethiopian Herald, 24 December 2003: 3).

Prime Minister Meles Zenawi took an additional step by unveiling a symbolic statue of Sino-Africa Cooperation in Bole, Addis Ababa, which became a prominent symbol representing this relationship and Ethiopia's role in cementing it (The Addis Ababa China-Africa Forum, 2004: 176). The forum played a vital role in Ethiopia's efforts to attract and strengthen its ties with China, leading to the signing of various economic and cultural cooperation agreements. It can be argued that China leveraged Ethiopia's limited history of colonization and its position as a champion of African unity to engage with other countries. This approach seemed to demonstrate Beijing's willingness to support countries that had experienced the adverse effects of colonialism in their socio-economic recovery.

In its aftermath, President Hu Jintao announced several policy measures to further Sino-African cooperation, which Addis Ababa successfully capitalized to its advantage. Resultantly, China granted zero tariffs for Ethiopian goods, joint infrastructure projects, and debt cancellation to Ethiopia. This made Ethiopian Prime Minister Meles Zenawi underline that the Sino-Ethiopia bilateral cooperation in human resource development, agricultural technology transfer, and infrastructure development had achieved remarkable results. The two countries also agreed on holding the Ethiopia-China Joint Committee meeting in Addis Ababa in 2004, which Meles Zenawi asserted would help accelerate the implementation of the agreements (The Ethiopian Herald, 16 December 2003: 1).

In a remarkable diplomatic achievement, Beijing got Addis Ababa to symbolically pass the “Anti-Succession Law and a long-standing domestic policy”,¹⁹ which reaffirmed China’s claims over Taiwan as its integral part and whose independence was non-negotiable in the Ethiopian parliament. China reciprocated by providing substantial economic assistance and political backing to the Ethiopian government as part of its regional strategy (Thakur, 2009: 7). This demonstrates how Ethiopia's recognition of the potential benefits of China's zero tariffs and debt cancellation influenced Beijing’s leverage in shaping Ethiopia's stance on the Taiwan issue. This highlights the dynamics of power and asymmetrical interdependence between China and Ethiopia, with Ethiopia positioning itself as a less dependent actor in this relationship in 2003.

The FOCAC summit further strengthened the momentum of China-Ethiopia relations and deepened their interdependent nature, leading to enhanced bilateral interactions at the highest levels. A concrete example of this was Ethiopian Prime Minister Meles Zenawi's visit to Beijing in November 2004, which aimed to strengthen cooperation in areas such as human resources development, tourism, trade, and investment. During the visit, both parties signed cooperation agreements encompassing agriculture, textile, infrastructure development, and tourism (The Ethiopian Herald, 4 November 2004: 1). Resultantly, the Chinese government provided several Ethiopian exports like leather products, oilseeds, and skins and hides commodity items into its market under a zero-tariff regime (The Ethiopian Herald, 2 November 2004: 1). The Ethiopian side also accorded same privileges to the Chinese investors in its textile, tannery and sugar development sectors from where these could export their products into American and European countries.²⁰ China made substantial investments in Ethiopia and implemented zero-tariff agreements to promote trade. In return, it reaped the benefits of Ethiopia's international achievements, such as the African Growth and Opportunity Act (AGOA), which facilitated Beijing's access to American and European markets. This arrangement can be viewed as mutually advantageous for both nations.

While President Hu emphasized Ethiopia’s pivotal position in enabling Beijing to implement and consolidate its African policy, Meles Zenawi invited Chinese entrepreneurs to lead Ethiopia's infrastructure and natural resource development while assuring the removal of all structural obstacles, be it access to land or licenses, for their hassle-free investments (The Ethiopian Herald, 5 November 2004: 1). Additionally, to make its agriculture sector more productive and sustainable, the Ethiopian government signed cooperative agreements with Jiangxi provincial government for technical assistance and collaboration through Modern

¹⁹ It was adopted at the Third Session of the Tenth National People's Congress on March 14, 2005. The law includes that China never allow Taiwan independence movement (The China Embassy, <http://www.china-embassy.org/eng/zt/999999999/t187406.htm>)

²⁰ The USA enacted an agreement known as African Growth and Opportunity Act (AGOA) in 2000 that helps participating countries develop products for consumers in the USA, expand industries, and provide job opportunities. Thirty-eight countries benefitted from the AGOA in 2020. Ethiopia was also eligible for the AGOA benefits that built a large textile industry in Ethiopia, exporting \$722 million worth of duty-free garments to the United States between 2001 and 2020. However, Ethiopia was excluded by the United States from the agreement for human rights abuses during the civil war (Quartz Africa, 2022).

Agricultural Technology Centre (The Ethiopia Herald, 3 November 2004: 1). This consequence into Chinese investors demarcate industrial parks across 50 Ethiopian towns which offered a suitable opportunity for investments (The Ethiopian Herald, 7 November 2004: 1).

Ethiopians consistently admired China's developmental story, especially bringing 800 million people out of poverty, one that all developing states should emulate. For instance, Foreign Minister Seyoum Mesfine's remarks during his 2006 evidence of these sentiments. "Ethiopia counts on China's solidarity and support at this critical stage of the fight against poverty and backwardness" (The Ethiopian Herald, 24 March 2006: 3). This was reminiscent during the meeting of He Luli, Vice-Chairman of the Standing Committee of the National Assembly of China, and Ethiopian President Girma Walde Giorgis on 18 April 2006 in Addis Ababa. Luli stressed that their long-standing bilateral relationship sustained on common interests.²¹

President Giorgis, while acknowledging China's positive contribution to Ethiopia's poverty alleviation efforts, emphasized that Ethiopia would continue to play a leading role in China's engagement with Africa (The Ethiopian Herald, 18 April 2006: 1). These statements aimed to alleviate China's concerns and create an environment of stability and trust to safeguard its investments in Africa. Ethiopia's relative peace and stability in the region made it a dependable partner for Beijing, attracting a steady flow of Chinese investments. As Ethiopia aligned its policies with China's positions on African and global issues, the Chinese Ambassador to Ethiopia, Lin Lin, highlighted the significant increase in the number of Chinese investors in Ethiopia due to the investment protections provided for foreign companies. For example, in 2003, there were only 14 Chinese companies across the construction, industry, healthcare and agricultural sectors, with \$10.5 million (89.9 million Ethiopian Birrs) operating in Ethiopia, which surpassed fifty by 2007 with a combined capital of over \$122 million (1.1 billion Ethiopian Birrs) (The Ethiopian Herald, 10 June 2007: 6). Likewise, in terms of trade, China's exports to- and imports from- Ethiopia jumped from \$100 million and \$14 million in 2001 to \$562 million and \$85 million 2006 respectively (The Ethiopian Herald, 7 June 2007: 1). It's quite evident that the trade imbalance between China and Ethiopia is a matter of great concern. This imbalance is a source of sensitivity for Ethiopia, highlighting the interdependence relations between the two countries, which are not symmetrical. Ethiopia has become overly reliant on China's trade, leading to a higher level of interdependence between the two nations that favours China over Ethiopia. Nevertheless, if China and Ethiopia were to sever their relations, it could lead to significant economic consequences for both countries. Ethiopia's inability to meet its needs through China's affordable goods, coupled with the loss of an important export market for China, are just some of the potential outcomes.

²¹ Even though Prosperity Party, a multi-ethnic party, became the new governing party in Ethiopia and took the state in a different direction, away from ethnic federalism and promoting a unified Ethiopian national identity and individual rights in 2020. However, Ethiopian People's Revolutionary Democratic Front Party and Prosperity Party did not change their politics toward China and formed their policies on conducting close relations with China. There are positive implications for the respective countries: increasing investment opportunities in Ethiopia for China, import and export facilities, economic growth of Ethiopia, reducing poverty and employment increase in Ethiopia.

During Chen Deming's three-day visit in January 2010 (11-13 January), China and Ethiopia signed multiple agreements to enhance their cooperation. These agreements encompassed several areas, including the preferential market access agreement, which facilitated Ethiopia in expanding its exports to the Chinese market. Additionally, grant and concessional loan agreements worth \$32.5 million were established, allocating \$7.3 million for project implementation and \$25.2 million for financing customs and cargo facilities (The Ethiopian Herald, 12 January 2010: 2). As the Ethiopian government announced its Five-Year Growth and Transformation Plan in 2010 to improve its economic growth, Beijing announced its support to help Addis Ababa accomplish its objectives, importantly in transforming its manufacturing sectors like textile and leather. Resultantly, foreign investors, especially Chinese and local companies, created about 10,000 employment opportunities to make it the regional manufacturing hub. Not only did this generate foreign exchange for Ethiopia, but the production facilities in these industrial parks also helped build a value chain²² with the agricultural sector (Report, The Ministry of Foreign Affairs of Ethiopia, 17 June 2018: 8-9; The Ethiopian Herald, 5 December 2015: 3). In 2011, during his visit to Beijing, Meles Zenawi entered into a loan agreement of \$500 million with China's Export-Import Bank. The purpose of this loan was to finance fifteen infrastructure projects within Ethiopia. Additionally, in the same year, the China Railway Group Limited and the Ethiopian Railway Corporation signed a loan agreement of \$1.1 billion. This loan was specifically allocated for the first phase of construction for the railway project connecting Djibouti and Ethiopia (Shinn, Eisenman, 2012: 274).

Notwithstanding the scale of Beijing's investments and significance to Ethiopia, particularly aid towards mitigating poverty, the widening deficit, especially during the 2005-2019 period, in the trade figures raised concerns among many quarters in Ethiopia. The sustainability of debt, the trade deficit and debt sustainability were mainly due to the increase in Ethiopian imports, especially machinery imports, despite exporting resources to China. Similar concerns existed primarily with Beijing's official cash flow, including soft infrastructure loans. However, as public funds flowed into infrastructure development and capital equipment procurement, Ethiopia benefitted from increased productivity. In addition, the improved transportation network and power generation capacity contributed to Ethiopia's industrialization process (Chakrabarty, 2016: 244). Monica Thakur (2009, 2016) has argued that while allowing Ethiopian exports into China, Beijing convinced Addis Ababa that allowing Chinese companies a major role in the construction, infrastructure and energy sectors would not only expand its economic capacity but also alleviate its poverty levels.

²² The value chain framework helped organizations understand and assess their business functions' positive and negative cost-effectiveness in primary and secondary activities. Inbound Operations, Outbound Logistics, Marketing and Sales, and Services are the primary activities that contribute to the physical creation, sales, maintenance, and support of products or services. Secondary activities support primary activities such as, technology development, corporate infrastructure, human resource management, and procurement and purchasing (Chai, 2021). Building the value chain in business benefits producers, consumers and government officials because the government indirectly provides price control and protects local producers and consumers within the framework of economic values.

In 2015, the Chinese ambassador to Ethiopia, La Yifan, referred to their relations as a paradigm for China's bilateral relationships with other African nations.

multifaceted China-Ethiopia relations have proved to be an excellent model of China-Africa and south-south cooperation. The government to government, party to party, people to people, and business to business exchanges are the cornerstone of the two countries' ties. China is willing to support Ethiopia to develop into an African centre of manufacturing, regional transportation and the model of poverty alleviation.

Likewise, similar sentiments were manifested by Berhane Gebere-Kirstos, the Minister of State for foreign affairs:

Ethiopia, will remain a reliable partner and is grateful for China's constructive economic support. China has helped in many key development sectors, adding that Ethiopia has learned much from China on poverty reduction and other critical development strategies experience. Ethiopia plans to enter middle-income status, and China's help will play a key role in achieving this role (The Ethiopian Herald, 14 April 2015: 2).

As China's diplomacy around the BRI increased, China accorded Ethiopia a significant role in the project, as evident from the statements of Chinese leaders during the 2018 Beijing Summit of FOCAC. As Chinese Ambassador Tan Jian asserted in August 2018:

Ethiopia has become a pilot and exemplary country for China-Africa cooperation and a key partner in the Belt and Road Initiative. China appreciates the Ethiopian role as the first co-chair for FOCAC, which has made a significant contribution to FOCAC development and China-Africa cooperation. The China-Africa summit will contribute new inputs to the development of China-Ethiopia traditional friendship to a new height (The Ethiopian Herald, 25 August 2018: 1-2).

Abiy Ahmed, Ethiopia's prime minister since 2018, voiced similar sentiments and insisted that Addis Ababa considered China its key strategic partner, with their bilateral relation a continuation of their deep-rooted historical continuity sharing the history of ancient civilisation and rich culture.²³ Furthermore, Beijing's bilateral relations with the African countries developed with a win-win policy through the China-Africa forums (The Ethiopian Herald, 6 September 2018: 1).

In February 2019, Addis Ababa hosted a Dialogue on implementing the China-Africa Peace and Security Initiative, given its status as the home of the African Union and regional offices of various multilateral institutions. During the event, Assistant Foreign Minister Chen Xiaodong reiterated China's four principles of "playing a fair, impartial, and constructive role" in peacekeeping efforts, assisting Africa in building its peacekeeping capacity, "addressing root causes" of conflicts, and pursuing cooperation for mutual benefit. This reaffirmed Beijing's

²³ It is backed with some activity over their respective heritage. It is unknown exactly when China and Ethiopia established their first direct contact in ancient times. However, Ethiopia was one of the most influential civilisations, the ancient Ethiopian kingdom, Axum, by the 1st century AD. entered into commercial relations through its harbour of Adulis with several places around the Mediterranean world, the Red Sea and the Indian Ocean. During this time, China also traded with the Horn of Africa obtaining civet musk, pearls, and rhino horns. According to the report of the ministry of foreign affairs of Ethiopia, thus, Ethiopians were involved in the silk trade (The report, the Ministry of Foreign Affairs of Ethiopia, 2018: 2; Mulualem, 2014: 1).

commitment to fostering peace and security in the region (The Report, The Ministry of Foreign Affairs of Ethiopia, 2019).

Regarding the bilateral interdependence relationship between China and Ethiopia, Masrasha Endalew, an official from the Ministry of Foreign Affairs, emphasized that while Ethiopia prioritized economic development in its foreign policy, fostering mutually beneficial relationships and promoting a positive image were important for attracting foreign direct investment. China's provision of non-binding financial capital to Ethiopia over the years has been significant in this regard.

Ethiopia has undertaken a far-reaching cross-sectoral economic reform program over the last two decades. These reforms have been delivered strongly as the economy has registered rapid growth rates of GDP for the last decades. In this success story about Ethiopia, we exceptionally value and recognize the indispensable role that China has been playing as one of the trusted development partners of Ethiopia. China is the biggest investor and largest trading and development partner of Ethiopia. With Chinese partnership and support, the construction and development of physical and social infrastructure in the areas of roads, railways, green energy, telecommunications, schools, and health centres are making a real difference in Ethiopia's overall growth and transformation and its attractiveness to foreign direct investment. The Comprehensive Strategic Cooperative Partnership between Ethiopia and China anchored on FOCAC has become the model for effective and successful South-South Cooperation. With the rapid expansion of its economic, diplomatic, and military activities in the region, China has become a significant player in the Horn of Africa over the last two decades. This engagement, particularly through the Belt and Road Initiative (BRI) and FOCAC, has brought infrastructure and economic opportunities to the region. China is our trusted friend and partner, our financier, constructor, investor, trading partner, and above all, our inspiration for an astronomical transformation and glorious (Interview, The Ministry of Foreign Affairs, 24.06.2021).

The relationship between China and Ethiopia goes beyond just government-to-government interactions and includes strong ties between political groups. The Ethiopian People's Revolutionary Democratic Front (EPRDF) has maintained connections with the Chinese Communist Party (CCP).²⁴ The CCP sent delegations to the EPRDF's seventh and eighth biennial meetings in 2008 and 2010, respectively. During a visit to Addis Ababa by Fu Sihe, the State Minister of the CCP Central Committee's Organisation Department, Ethiopian Prime Minister Meles Zenawi expressed support for China's political measures in Tibet and affirmed Ethiopia's stance against external interference in China's internal affairs. These engagements have played a significant role in increasing China's investments and aid to Ethiopia.

²⁴ The revolutionary-democratic system's ideology shared the socialist revolution's goal with mainstream Marxist-Leninist ideas in Ethiopia. After the overthrow of the Communist People's Democratic Republic of Ethiopia, the Ethiopian People's Revolutionary Democratic Front Party, an ethnic federalist political coalition, was formed consisting of the Oromo Democratic Party (ODP), Amhara Democratic Party (ADP), Southern Ethiopian People's Democratic Movement (SEPDM) and Tigray People's Liberation Front (TPLF). The ethnic federalist system in Ethiopia entrenched an authoritarian ruling party, and the Ethiopian People's Revolutionary Democratic Front in Ethiopia dominated Ethiopian politics as a central party power between 1991 and 2019 (Aalen, 2019: 653-654).

As discussed above, the visits, statements from authorities, and factual evidence have reinforced the asymmetrical interdependence between China and Ethiopia. This relationship encompasses both positive and negative aspects. Ethiopia places significant importance on China's investments to alleviate poverty and its imports of equipment to drive industrialization. Conversely, China is concerned with safeguarding its investments in Ethiopia, garnering support from Ethiopia on the global stage, and fulfilling its own needs. However, it is crucial to acknowledge that China stands to benefit much more from this arrangement compared to Ethiopia. This situation may eventually lead to an increased reliance on China in terms of trade, technology, and knowledge, posing long-term risks for Ethiopia. In the following section, I will provide a detailed examination of China's investments and loan activities in Ethiopia.

4.3. Drivers of Contemporary China and Ethiopia Relations

4.3.1. China's Investment in Ethiopia and Loan

Over the past two decades, Ethiopia has implemented a comprehensive set of economic reforms spanning various sectors in order to promote its development and achieve prosperity. This commitment to reform can be traced back to the imperial period under Haile Selassie, who recognized the importance of a strong manufacturing industry for sustaining and driving Ethiopia's economic growth. In pursuit of this goal, the country sought expertise and assistance from its friendly foreign allies.²⁵ The efforts initiated during this time eventually came to fruition in the 21st century under the leadership of the People's Revolutionary Democratic Front (EPRDF) from 1991 to 2019. To encourage a steady flow of investments, the Ethiopian government introduced incentives for foreign investors, including exemptions from income tax for a period of 1 to 6 years and customs duty (Federal Negarit Gazette on 29 November 2012: 6648).

The Ethiopian government underlined the objectives of foreign investments through its *Federal Negarit Gazette* (No: 63, 17 September 2012: 6576) proclamation:

1. to accelerate Ethiopia's economic development,

²⁵ The five-year development plans prepared in the industry field played an essential role in the country's development during Selassie's reign. The industry in Ethiopia, in the modern sense as an economic agent, emerged only at the turn of the 20th century because of the expansion of the cities, which combines the establishment of strong central and local governments, the construction of railroads, and the strengthening relations with foreign countries and eventually increasing the demand for imported goods. These reasons encouraged the establishment of import substitution factories in the country. However, by the end of the 1940s, Ethiopia's economy remained unchanged, and agriculture was characterised by a system of smallholder farmers with primitive and traditional subsistence farming practices. In the mid-1950s, the stimulus for industrial development began with the First Five-Year Plan (FFYP) between 1958 and 1962. The Ethiopian imperial administration, with the plan, attempted to build an agro-industrial economy, improve living conditions, expand infrastructure programs, and introduce better health care, education, and communications. However, agriculture was not taken seriously during this period as a potential growth sector that could significantly contribute to overall economic development transforming the country into an industrialised economy due to a lack of technical and administrative opportunities (Kahissay, 2016: 24). In addition, during the imperial era, especially in the 1950s, the manufacturing industry was dominated by foreign-affiliated companies and was an import substitution industrialisation (ISI). The Second and Third Five-Year Plans (TFYP) began between 1963 and 1973. During this time, the government expanded its incentives to attract investors and further strengthened its presence in economic activity by investing directly in the manufacturing industry. In the 1970s, about 300 foreign companies accounted for more than 75% of the industrial sector (Kahissay, 2016:25).

2. to exploit and develop the immense natural resources of the country,
3. to develop the domestic market through the growth of production, productivity and services,
4. to increase foreign exchange earnings by encouraging expansion in volume, variety and quality of the country's export products and services, as well as to save foreign exchange through the production of import-substituting products locally
5. to encourage balanced development and integrated economic activity among the regions
6. to strengthen the inter-sectoral linkages of the economy
7. to enhance the role of the private sector in the acceleration of the country's economic development
8. to enable foreign investment to play its role in the country's economic development
9. to create ample employment opportunities for Ethiopians and to advance the transfer of the technology required for the development of the country

By implementing sector-specific reforms and offering incentives to attract foreign investment, particularly from Chinese investors, Ethiopia has experienced substantial growth in its Gross Domestic Product (GDP), positioning itself as one of the top-performing economies globally. This section focuses on analyzing the impact of Chinese investments on Ethiopia's economy between 1994 and 2019. It aims to evaluate whether the relationship between the two countries evolved within the framework of interdependence or shifted towards a client-patron dynamic over time.

From 2004 onwards, the Ethiopian government specially focused on FDI inflows in its manufacturing sector from countries like Turkiye (\$2.5 billion), India (\$3 billion), and China to shore up its economic performance. Concomitantly, Ethiopia's domestic market and cheap human resources became a major source of attraction for investors. Towards this, Chinese investments helped build around 30 industrial parks across Ethiopia, such as Adama, Hawasa, Dire Dawa, Bahir Dar, Debre Birhan, Bole Lemi II, Kilinto Pharmaceutical and Jimma. Establishing these industrial development zones boosted manufacturing sectors by creating an enabling and competitive environment for value creation along with attracting investments. It also brought renown to Ethiopia as a "Made in Ethiopia" label gained currency with its worldwide exports.

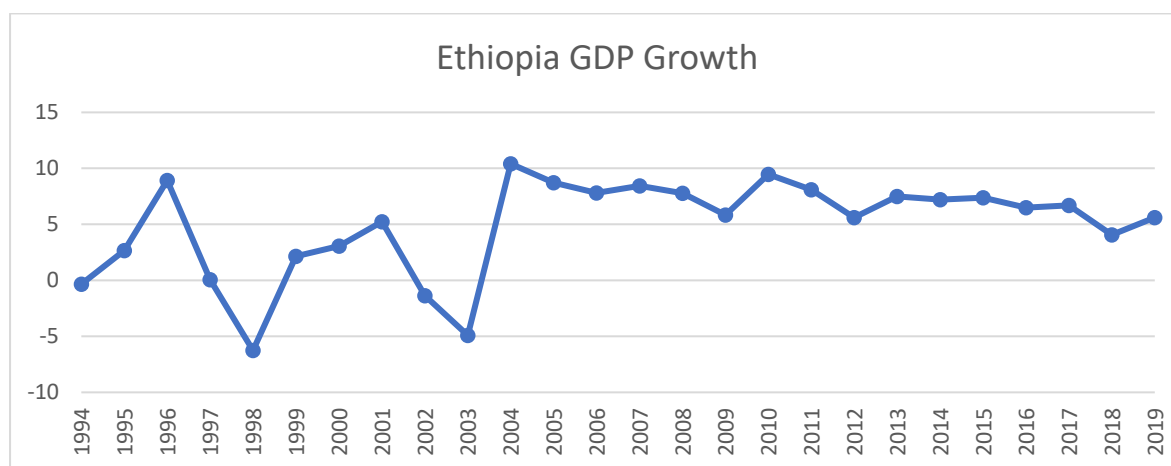
The Chinese state-owned enterprises (SOEs) increased their infrastructure development engagements, such as building roads, railways and hydropower projects, while emerging as suppliers of construction materials like cement for government and non-government projects. Beijing gradually became an associate in financing infrastructure and undertaking project execution. Interestingly, while the FDI flow into Ethiopia increased to 2 per cent of its annual GDP from 2004 to 2010, the investment volume manifested a growing trend from 2005 to 2019 (Oqubay, 2015: 88).

Ethiopia created a favourable investment climate for Chinese enterprises by offering incentives, employing effective political governance, providing affordable water and energy resources, accessing low-cost labour, and facilitating market access to African Union countries and Europe. Furthermore, as a beneficiary of the United States African Growth and

Opportunity Act (AGOA), Ethiopia gained duty-free access to the American market for more than 1800 products, with an additional 5000 products eligible under the Generalized System of Preferences program. This situation inadvertently allowed Chinese companies to leverage Ethiopia's access to the US market.

These increased investments resulted in Ethiopia recording strong performance from 2005 to 2019, with an overall average real economic growth of about 9.5%. Not only did these investments help it become one of the fastest-growing countries worldwide, but its economic growth rate far exceeded the total growth rate of sub-Saharan Africa (SSA), which averaged 5.2% (The World Bank, GDP per capita growth (annual %) – Ethiopia).

Figure 4.1. Ethiopia's GDP per capita growth (annual %)



Source: The World Bank

China's investments have played a significant role in various sectors of the Ethiopian economy, particularly in industrial development. The manufacturing industry, including glass factories, leather, textile, pharmaceuticals, agricultural products, and small appliances, received a substantial share of these investments. Beijing primarily engaged in investment projects through joint venture enterprises, partnering with both private and state-owned Ethiopian companies. According to the Ethiopian Investment Commission (EIC), between 1998 and 2019, a total of 1,057 Chinese investment companies participated in 1,530 licensed foreign direct investment (FDI) projects in Ethiopia (The World Bank, GDP per capita growth (annual %) – Ethiopia, 24.01.2022; Ethiopian Investment Commission, 2021). Some of the Chinese investment companies in Ethiopia include China Construction Cooperation, China Aviation Technology Exports and Imports Company, China Water Conservancy and Hydropower Engineering Cooperation and Syno-hydro (Shinn, 2014: 154). However, it is worth noting that out of these approved projects, only 1,041 were completed, while 184 were in the implementation stage and 305 were in the pre-implementation stage. This divergence between approved and completed projects raises concerns about China's commitment to fulfilling its obligations and calls into question its diplomatic and political stance towards Addis Ababa. The following table illustrates the sector-wise distribution of Chinese companies in Ethiopia.

Figure 4.2. Summary of Licensed Chinese Investment Projects by Sector and Status Since August 27, 1998 - June 01, 2021

Table 1. Summary of Licensed Chinese Investment Projects by Sector and Status Since August 27, 1998 - June 01, 2021 G.C

Sector	Total	Pre-Implementation	Implementation	Operation			
	No of Projects	No of Projects	No of Projects	No of Projects	Capital in '000' Birr	Perm Empl.	Temp Empl.
Agriculture	12	5	4	3	13.771	64	53
Manufacturing	1.194	285	142	767	37.835.786	76.846	44.917
Mining	4		1	3	36.500	58	42
Education	1			1	530	6	4
Health	13	1	1	11	22.589	80	47
Hotels (Including Resort Hotels, Motels and Lodges) and Restaurants	49	13	3	33	111.472	772	266
Tour Operation, Transport and Communication	12	1		11	35.176	257	110
Real estate, Machinery and Equipment Rental and Consultancy Service	161	44	12	105	921.205	85.926	25.741
Construction Contracting, Including Water Well Drilling	185	45	27	113	7.937.093	11.578	32.985
Others*	11	2	1	8	126.565	267	300
Grand Total	1.642	396	191	1.055	47.040.688	175.854	104.465

Source: Ethiopian Investment Commission, Addis Ababa, 23.06.2021.

The increased Chinese investment impacted Ethiopia's economic developmental landscape. Its contribution to creating employment opportunities in Ethiopia can be assessed by the fact that during the 1998-2019 period, as the available data illustrate, Beijing's investments, which surpassed 39.7 billion Birrs (estimated at \$1.3 billion in 2019), created 153,759 permanent and 96,415 temporary jobs in the country²⁶ in this period. In addition, its investments in manufacturing, construction, machinery and equipment projects jumped from one in 1998 to 184 in 2019. As already pointed out in the preceding section, the 2003 FOCAC summit in Addis Ababa boosted Ethiopia's investment environment, which saw Beijing's investments across 1530 projects by 2019. As shown in the figure depicting the sectoral distribution of Chinese investments above, the most significant share of investments was directed to the manufacturing field. For instance, a joint Chinese-Ethiopian private venture established a new metal manufacturing industry worth \$40 million 276 thousand (350 million Ethiopian Birrs) in 2006, exporting metallic products to the international market by 2010 while employing over 600 people (The Ethiopian Herald, 29 March 2006: 2). The manufacturing sector is followed by construction and real estate sectors which have also attracted significant Chinese investments.

One of the most significant investment agreements demonstrating the Sino-Ethiopian economic cooperation as well as Ethiopia's investment-friendly environment included the establishment of Tana Communication Share Company, a joint mobile phone assembly factory by Zhongxing Telecommunications Equipment Corporation (ZTE) and Amhara Rehabilitation Development Organisation (TIRET) in Bahir Dar, Amhara, in 2008. Hou Wiegui, ZTE board Chairman, even described Ethiopia's investment laws towards foreign investors as the drivers of its socio-economic development. The 50 million Birrs (\$5.5 million) valued company produced 3000-4500 mobile devices daily for the country's domestic market at cheaper levels while creating employment opportunities and training local human resources, and allowing affordable technological access to a large section of Ethiopians (The Ethiopian Herald, 13 September 2008: 2). ZTE gradually expanded the facility which saw it export its products to the wider African market such as South Africa and Kenya. It also lent Ethiopia Telecommunications Corporation \$1.5 billion in 2008 to upgrade infrastructure. Additionally, Huawei also made significant investments in Ethiopia, something China's ambassador in Addis Ababa described as the best possible way of arresting negative campaigns centred around Beijing's African investments as "we are fulfilling its needs" (Fortune, 7 November 2010: 18).

China's aid in helping establish various industrial zones across Ethiopia significantly strengthened this relationship. In 2008, Beijing announced a \$713 million investment for Ethiopia's first industrial park, East Industrial Zone, at Dukem through a joint venture mechanism. It expected nearly 80 Chinese companies to participate in various sectors of textiles, leather, garment, processed foods, steel and manufacturing construction equipment. In this context, in 2008, the Chinese companies of Eastern Industrial Group and New Century Plc signed agreements for Joint Venture (JV) investments worth over two billion birrs in Ethiopia.

²⁶ I have done some research on permanent and temporary employment, as well as skill empowerment in Chinese investments in Ethiopia, but I have not been able to find any information about them, as according to the Ethiopian Investment Commission, they don't keep separate records for Ethiopian and Chinese workers.

This translated into the setting up of 20 factories, creating over 10,000 jobs apart from building housing apartments (The Ethiopian Herald, 31 December 2008: 1). Beijing additionally infused financial capital worth \$2 billion into Dukem's Eastern Industrial Zone during the 2010-19 period. China's Lifan Group established the Yangfan Motors assembly plant in Dukem's industrial park in 2010. It further provided this new JV with \$5 million in financial capital to improve and expand production in 2010, gradually becoming a regional hub for exports across East African countries (The Reporter, 18 December 2010: 2).

Moreover, Ethiopia signed three agreements with Alibaba to join its Electronic World Trade Platform (eWATP) platform in 2019, becoming the second African country after Rwanda. The eWATP aims to reduce barriers for Ethiopian micro, small, and medium enterprises (MSMEs) to conduct global trade through e-commerce. The objective of the initiative was to simplify international trade, offer efficient logistics and fulfilment services, and support Ethiopian micro, small, and medium enterprises (MSMEs) in accessing markets in China and other countries. Getahun Mekuria, the Minister for Innovation and Technology in Ethiopia, emphasized the importance of this initiative in advancing the country's digital economy. "We look forward to continuing working with Alibaba group to realise the platform's objectives, which has the potential to transform the lives of many" (The Ethiopian Herald, 26 November 2019: 1). This cooperation from ZTE's mobile assembly factory, Yangfan's automobile assembly plant and eWATP demonstrates that Ethiopia ably benefited from China's technology transfer under the broader interdependence framework as Getahun Mekuria's assertions manifest. Within the context of interdependence, these technology transfers from China seem to make Ethiopia more self-sufficient in production. Hence, this has laid the basis for less sensitivity and vulnerability to China toward making it import less of such phones and other high tech and its production ability to adopt alternative technologies, respectively.

The Sino-Ethiopian interdependence manifested in Beijing's acquisition of mineral extraction rights in return for its investments, especially in the cement production sector. On 23 June 2010, Ethiopia's Ministry of Mines and Energy signed a mining agreement with China's Pioneer Cement Plc for a joint venture in clay quarry mining. It allowed the Chinese company ten years of mining extraction rights at the cost of 5.6 million Birrs to extract 670,000 tons of clay during the 2010-20 period in the Melka Jebdu area in Dire Dawa (Fortune, 4 July 2010: 28). Furthermore, China extended a credit of \$208 million to the Ethiopian government to support the expansion of its cement factory and the construction of a new power generator (Cabestan, 2012: 58). Another agreement was signed on 28 October 2010, where Ethiopia's Habesha Cement SC entered into a \$79 million contract with China's Northern Holding Industries. Under this contract, the Chinese company was responsible for designing and establishing a cement plant with a daily production capacity of 3010 tons and an annual production capacity of 1.4 million tons for its Ethiopian partner, with a financial investment of \$79 million (The Reporter, 30 October 2010: 2). This cooperation through JVs extended to other sectors resulting in the construction of lime, gypsum, and cement factory in Fiche Town in North Shoa Zone for \$3.95 million (50 million Birrs) in 2010. To address the materials shortage in Ethiopia, the annual production of gypsum from the factory exceeded 300,000 tons annually (Fortune, 26 December 2010: 38).

Whereas Foreign Direct Investments (FDIs) from China into Ethiopia gradually increased from \$74 million in 2009 to over \$345 million by 2012, Beijing's cumulative investments in the country exceeded \$1.1 billion by 2013. Along with a branch of the China-Africa Development Fund in Addis Ababa, the two countries agreed on "investment promotion and reciprocal protection as well as avoidance of double taxation." Resultantly, around 316 Chinese investment projects were either fully or partially functional, with over 900 projects in the pre-execution stage by 2013 (Shinn, 2014: 154-155). These figures show China's ambitious engagement in Ethiopia.

The other sector which has received attention from Chinese investors is Ethiopia's leather industry. The country has abundant livestock resource riches, with a population of over 123 million and an annual turnover of \$120 million. Though Ethiopia produced globally reputed skincare products, however, it failed to exploit its resources fully because of multiple challenges, including constraints in upgrading processing units of hides with advanced technologies (The Ethiopian Herald, 31 October 2019: 5). As China imported significant quantities of Ethiopian leather, Huajian Group invested in the leather production. Moreover, China-Africa Overseas Leather Products Company, a fully Chinese investors-owned entity, established Ethiopia's largest leather and leather products factory in 2010, valued at \$27 million. It annually produces 450 million pieces of processed leather while aiming to earn an annual cumulative revenue of over \$120 million annually from its export sales. By bringing new state-of-the-art technologies for processing leather, it revolutionized Ethiopia's local industry, apart from creating employment opportunities, providing on-the-job training to empower local human resources, and guaranteeing pollution-free disposal of waste materials (The Reporter, 27 November 2010: 2,5; Xiaoyang, 2019: 7).

In the textile sector, with the Ethiopian government seeking external investments by selling the country as investment-friendly with cheap labour and a large market, China's Shaoxing Mina Textile announced the construction of a textile and garment factory in Sebeta, Oromia state, at the cost of 15 million USD. It intended to create about 5,000 job opportunities for locals and turn it into the African manufacturing hub to export to Europe, the USA and other African countries (The Ethiopian Herald, 6 March 2015: 1). Similarly, Wuxi No. 1 Cotton Textile PLC constructed its production factory in Dire Dawa Industrial Park of Ethiopia by investing around \$220 million for its international market of Europe, North America and Asia. It became one of the largest textile factories in the East African country and created about 3,500 jobs. It was "seen as a part of the Chinese company's flagship strategy and actively responds to the Chinese Belt and Road Initiative cooperation platform in line with the company's "Go Global" strategy" (The Ethiopian Herald, 22 October 2019: 2).

Another sector attracting Chinese investments included Ethiopia's medical sector. Chongqing Sansheng Industrial Company established its pharmaceutical plant, Sansheng Ethiopia Pharmaceutical PLC., in Dukem Industrial Zone. It was inaugurated in 2018 with "an annual production capacity of 5 billion solid preparations, 300 million ampoules and 10 million large volume parenterals" (Mamo Gebrehiwot, 2018). Not only did it cater to Ethiopia's domestic needs, but it also intended to export to other African countries and beyond.

Haregewoin Mirotaw, the director of the Investment Information & Technology Directorate in the Ethiopian Investment Commission, in an interview, asserted that several reasons explained China's preference for Ethiopia as its foremost investment destination in Africa. She credits factors such as Ethiopia's high economic growth, geographical location and comparatively better transportation network.

The main attraction for China is Ethiopia's stable economic growth apart from our geographical location, making it a gateway to the regional market and a base for international per se European and American markets. Also, Ethiopia has a well-developed transportation system with Ethiopian Airlines, established in 1945, reaching 116 international and 23 domestic destinations, apart from Ethiopia-Djibouti railways and Renaissance Dam. Ethiopia also had abundant mineral resources and global agricultural products such as coffee and oilseeds. China's efforts have contributed to enhancing Ethiopia's economic development by creating jobs, expanding the export capacity of Ethiopia in the manufacturing sector, bringing advanced technology transfer across multiple sectors, and, importantly, aiding in the poverty reduction programme (Interview, Ethiopian Investment Commission; 29.06.2021).

Regarding structural reforms, Mirotaw stresses that the Ethiopian government has fully committed to incentivising external investments and streamlining the system by creating dedicated institutions to oversee the capital inflow.

Ethiopia has a strong policy for attracting investment through incentives like duty-free tax holidays. The government has established key institutions to support FDI industrial development, such as the Ethiopian Investment Commission, Industrial Park Development Corporation, Leather Institute, Metal Institute, Textile Institute, and Ethiopian Agricultural Agency. The EIC Policy, in particular, aims to attract external investment and develop policy (Interview, Ethiopian Investment Commission; 29.06.2021).

The analysis demonstrates that China's investments in various sectors, including agriculture, textile, mining, manufacturing, education, health, hotels, transportation, communication, real estate, machinery, and equipment rental, have played a pivotal role in driving Ethiopia's industrial growth and economic development. These investments have led to an increase in GDP, production levels, and job opportunities, contributing to poverty reduction in the country. In exchange, China benefits from access to affordable labour, energy resources, and convenient transportation routes to other countries in the region. However, it is crucial to carefully consider the potential consequences associated with such investments, particularly in terms of China's increasing financial influence over Ethiopia. As China's leverage grows, there is a possibility that it may gain greater control over Ethiopia's imports and exports in these sectors, and Ethiopia's reliance on Chinese technology may intensify, which could have significant long-term implications for the Ethiopian economy.

4.3.2. China's Infrastructure Projects and Loan

In recent times, Chinese companies have pursued a strategy of collaborating with local Ethiopian firms, in addition to their investments, to undertake various development projects in Ethiopia. This approach has been actively encouraged by the Ethiopian government, which aims to safeguard the business interests of domestic companies. An example of this collaborative effort can be seen in the partnership between the state-owned China Road and

Bridge Corporation (CRBC) and local Ethiopian investors, who established the Road and Bridge Construction Company in 2003 (Thakur, 2009: 10). This section discusses China's infrastructure projects in Ethiopia as BRI projects, in light of the vastness and lack of clarity surrounding the BRI's scope and time and examines the accomplishments and contributions of China's infrastructure projects in the Ethiopian economy from 1994 to 2019. It employs an interdependence framework to evaluate whether this relationship has been mutually beneficial or characterized by a new form of dependency.

In the lead-up to the 2004 China-Africa Cooperation Forum in Addis Ababa, its infrastructure was strengthened through active support from Beijing. During the FOCAC meeting, several accomplished projects, like the Gotera-Wollo Sefer Road, were inaugurated in the presence of various African leaders. Beijing saw this as an occasion to entice other African countries and successfully expanded its infrastructure investment base in Africa. The CRBC executed the 2.6 km Gotera-Wollo Sefer Road at \$3.5 million (30 million Ethiopian Birrs), as revealed by Fekadu Haile, the General Manager of the Addis Ababa City Road Authority (The Ethiopian Herald, 12 November 2003: 1). The road was eventually rechristened as the "Ethio-China Friendship Street" to acknowledge the deepening Sino-Ethiopian cooperation (The Ethiopian Herald, 17 December 2003: 7). As Arkebe Oqubay, the Mayor of Addis Ababa City, asserted:

"This event further strengthens China's position to be the forefront development partner for Ethiopia's development". Likewise, Chinese Foreign Minister Li Zhao Xing said that the road's opening symbolizes the longstanding amicable relationship between the two countries. According to Xing, "Being proud of the ever-increasing cooperation, we should work for more partnership and mutual interest" (The Ethiopian Herald, 18 December 2003: 1).

At the same time, Beijing was criticised for understating its proposed completion deadlines of projects like the 33 km Addis Ring Road project, undertaken by the CRBC in 1990 but finalised in June 2004. Of the \$85 million (715 million Ethiopian Birrs) spent on the project, \$11 million (100 million Birr) came from Beijing (The Ethiopian Herald, 20 June 2004: 1). Notwithstanding this, with Chinese companies executing various projects during 2003-04 period, the Ethiopian government signed multiple agreements with Beijing to strengthen, refurbish and expand its infrastructure base including the fibre network. On 28 November 2004, the Ethiopian Telecommunications Cooperation (ETC) signed an agreement with China International Telecommunications Construction Corporation (CITCC) to lay a 4,000-km optical fibre cable network across the country. The project, costing about \$8 million (66.616.927 Ethiopian Birr), initially covered Addis Ababa-Jimma and Addis Ababa-Lekempte while traversing 20 big towns (The Ethiopian Herald, 28 November 2004, 1). This network follows the main highways and links around 78 towns together, including Addis-Awassa, Addis-Gondar, Addis-Dessie, and Addis-Dire Dawa. It is important to note that this is a significant development for Ethiopia in terms of the level of advanced technology received from China, albeit controlled by the Chinese.

Over time, Chinese companies expanded their infrastructure investments to water resource development and hydropower generation sectors. In this context, an agreement of May 2004 to harness Ethiopia's hydro resources assumes significance in developing rural water supply, flood control mechanisms, hydroelectricity generation, and agricultural irrigation. It further

aimed to train local human resources to manage and maintain this infrastructure (The Ethiopian Herald, 18 May 2004: 1). In 2006, a Chinese company executed the Harar Water Supply and Sanitation Project of \$33.755 million (293 million Ethiopian Birrs) to improve water supply and sanitation across Harar, Haremaya, Aweday, Adele and Dengego towns. The project's first phase included laying 42 kilometres of pipelines and installing motor stations and reservoirs, which benefitted a population of 214,000 during the 2006-16 period. Its second phase included 30 kilometres of pipelines and water reservoirs of various capacities (The Ethiopian Herald, 18 March 2006:10). Interestingly, within a decade of operation, the project required refurbishing to continue its operations. This has been construed to highlight the limited durability of Chinese products and projects and a ploy by Beijing to profit from maintenance.

The two nations entered into an agreement worth \$100 million to support the development of deep water wells in Ethiopia. By 2011, loans from China's Export-Import Bank to Addis Ababa had reached \$1.8 billion, making Ethiopia one of the largest African beneficiaries of credit lines from the bank (The Reporter, 18 December 2010: 2). The Minister of Water Resources in Ethiopia, Adugna Jabessa, expressed gratitude for China's assistance in improving the country's road, hospital, telecommunications, and water resource infrastructure (The Ethiopian Herald, 20 March 2010: 2). According to Jabessa, China's intervention positively impacted these sectors, providing more people with access to water and electricity. For instance, Chinese companies also undertook significant projects in Ethiopia, such as the construction of a dam on the Tekeze River in northern Ethiopia in 2009, which involved a substantial financial investment from China. The Industrial and Commercial Bank of China provided funding for the Dongfang Electric Machinery Company to supply electrical equipment and turbines for the Gibe III dam on the Omo River in 2006, with a value of \$1.8 billion. Another Chinese organization, backed by the Export-Import Bank, secured a contract to construct a high-voltage transmission line to supply electricity to Addis Ababa. China also won the contract for building power transmission lines from the Grand Renaissance Dam on the Blue Nile River (Shinn, 2014: 153).

Furthermore, in 2010, the Addis Ababa Water and Sewerage Authority initiated a project to drill 46 water wells, with financing provided by the Ethiopian government and the World Bank. Out of these, while the government took control of 26 wells, the World Bank managed the remaining 20 wells. Chinese companies such as Shandong CGC, China Geo-Engineering Corporation, Nile Business Group Plc, and Ethiopia's Tana Engineering Plc were awarded the drilling rights for 26 water wells, each with a depth of 500 meters. Another project focused on expanding the water supply network coverage in the city to reach 95%, with a budget of \$118 million (half a billion Birr). Shandong CGC, China Geo-Engineering Corporation, and Nile Business Group PLC completed this project in 2011. The efforts of the Addis Ababa City Government Water and Sewerage Authority (AWSA) aimed to increase access to clean water in the city, resulting in an improvement from % 48 to % 73 in terms of clean water accessibility. Additionally, the installation of comprehensive pipelines spanning 800 meters from Akaki to Gottera, the construction of concrete water reservoirs with capacities ranging from 2,000 to 5,000 cubic meters, and the establishment of two pump houses equipped with 8-10 water pumps were also accomplished (Fortune, 26 December 2010: 44). The project was further supplemented by CGCOC's execution of the Akaki Underground Water Development project,

which received a long-term loan of \$95.68 million from China's EXIM Bank in 2015 (The Ethiopian Herald, 10 March 2015: 1).

The governments of China and Ethiopia reached an agreement on 10 May 2018 in Mekelle, the capital of Ethiopia's Tigray, regarding an \$80 million interest-free loan and a \$150 million preferential loan for a water supply project. The project aimed to address the water needs of approximately 400,000 residents in Mekelle. China Gezhouba Group Corporation (CGGC) was assigned to complete the project by 2021. According to China's Ambassador to Ethiopia, Tan Jiang, in 2019, the project successfully provided 124,300 cubic meters of clean water per day, catering to the requirements of various entities such as Mekelle Industrial Parks, Velocity Apparel Company, Messebo Cement Factory, Mesfin Industrial Engineering, agriculture, and livestock (Ethiopia commences Chinese funded 270 mln USD water supply project, Xinhua News Agency, 24.09.2019). These examples highlight China's significant efforts to enhance access to clean drinking water for the people of Ethiopia.

In terms of intervention in Ethiopia's electricity generation and distribution sectors, China advanced significant investments and loans for various projects. For instance, the Genale Dawa III hydropower project was built on the Genale Dawa River, whose civil engineering and electromechanical works were executed by China's CGGC. With its three turbines and a generation capacity of 254 MW, the project was built at \$451 million, of which 60% of the finances were contributed by China's Exim Bank and the rest from the Ethiopian government. It also employed 390 Ethiopians (The Ethiopian Herald, 3 October 2019: 2). China's Hydrochina and CGCOC constructed the Adama II Wind Farm power generation project from 2013 to 2015. At \$345 million, the project comprised 78 wind turbines producing 153 MW of electricity while employing 900 Ethiopians and 200 Chinese professionals. The deal also contributed to the transfer of technology and skill empowerment of the locals as nearly two dozen (22) Ethiopians were trained in Beijing to manage these projects, as claimed by the Project Manager Li Jianquan (The Ethiopian Herald, 8 March 2015: 1).

In another deal, the State Grid of China Electric Power Equipment Technology and the Ethiopian Electric Power Corporation (EEPCo) entered into a \$1.2 billion agreement on 26 April 2013. The contract aimed to construct the power transmission system for the Great Renaissance Dam (GRD), which is the largest dam in Africa situated on the Nile River. China's Export-Import Bank provided approximately 85% of the project funds. The transmission lines extended from the Grand Renaissance Dam included the Dedessa Holeta 500kV power transmission line, spanning 619 km, as well as the 400kV lines connecting Holeta to Sebeta II, Holeta to Suluta, and Holeta to Akaki II. Ethiopia's Information and Communications Minister and EEPCo Chairperson Debretsion Gebremichael called the construction of these power lines a ticket to the country's development. "The construction of large transmission lines would help benefit the Ethiopian economy and ensure the development of Ethiopian industry." (Capital, 28 April 2013: 5).

Furthermore, China Electric Power Equipment and Technology Co. Ltd (CET) signed the Ethiopia-Kenya Power Systems Interconnection HVDC Transmission Line Project Agreement with Ethiopia on 19 June 2015. Also known as the Eastern Electricity Highway Project, it is one of the most important projects of the East Africa Power Systems Interconnection Planning

using Chinese electric equipment and network technology. Under the China-Ethiopia economic cooperation, the CET made this a "demonstration project" (Capital, 7 August 2016: 28). In 2016, Ethiopian Electric Power signed a transmission and distribution station agreement at the cost of \$98 million with the Chinese company TBEA Co. Ltd. The project provided sustainable electricity to Kuye Abo, Kilinto, Bole Lemi's industrial parks, industrial villages, condominiums, and real estate. The China Export-Import Bank provided a loan to cover 85% of the project cost (Capital, 1 May 2016: 19).

These infrastructure investments in Ethiopia by China bring about certain benefits, such as providing easier access to basic needs like water and electricity. However, it is important to consider the potential drawbacks as well. Over-reliance on China for materials and technology could pose a significant risk to Ethiopia becoming dependent on China in the long term. Therefore, it is vital to maintain a balance and explore other alternatives to avoid over-reliance on a single source.

China also made significant investments in this sector in terms of intervention in Ethiopia's road infrastructure. For instance, in March 2006, the Ethiopian government, through the Ethiopian Road Authority, allocated the construction of a 309-kilometre Komobolcha-Mekansalam-Gindewoyne asphalt road costing \$184 million (1.6 billion Ethiopian Birrs) to a Chinese company. It included constructing 45 medium and small bridges, clearing, gravel works, and asphaltting. This cross-country road connected Amhara, Afar, and Benshangul-Gumuz states and connected the country's central highlands to Djibouti. It also shortened the distance between Mekneselam and Bahir Dar from 655km to 105km (The Ethiopian Herald, 28 March 2006: 8). Furthermore, China Roads and Bridges Company signed agreements to construct four major roads and three project designs at the cost of \$33.410 million (290 million Ethiopian Birrs) with the Addis Ababa Road Authority and MIDROC Construction Ethiopia (The Ethiopian Herald, 29 March 2006: 2).

The Ethiopian Road Authority (ERA) signed a contract with China Road and Bridge Corporation in 2007 to repair and refurbish 100km of the Addis Ababa-Tarmaber Asphalt Road Project, which is part of the 523 km Addis Ababa-Dessie-Waldie Road. The ERA Director Zaid Wolde Gabriel claimed that the Chinese intervention to refurbish the roads accrued popular reception from the locals and government alike, seeking early implementation of the project even as it created many employment opportunities for the Ethiopians (The Ethiopian Herald, 26 May 2007: 1).

In 2013, China's Sino Hydro Corporation Limited executed the \$64 million (1.2 billion Ethiopian Birrs) upgradation project of the Bahir-Dar Zema River Bridge Road and employed over 400 locals (The Ethiopian Herald, 12 November 2015: 2). China Railway No. 3 Engineering Group Co. Ltd. (CR3) executed the upgradation of the \$71.5 million (1.4 billion Ethiopian Birrs) Gashena Bilbila road of 90 km length in Amhara state during 2014-17 period. While creating job opportunities for over 900 locals, the project furthered regional connectivity to overcome regional disparities and brought previously inaccessible areas to the country's tourism map, like Lalibela in the Amhara region (The Ethiopian Herald, 3 November 2015: 1).

In light of its broader interests in Africa, China has pursued strategic and soft power projects in Ethiopia as its most significant investments to target the wider region. For example, China provided a generous donation of \$200 million to construct a new headquarters for the African Union in Addis Ababa in January 2012. Additionally, China also financed various infrastructure projects, including government buildings and stadiums, further demonstrating their support and investment in Ethiopia's development. In February 2022, Ethiopia inaugurated the newly built headquarters of the Commercial Bank of Ethiopia, its largest public-owned commercial bank. China's State Construction Engineering Corporation constructed the 209.15-metre-tall landmark building in Addis Ababa, the highest structure in East Africa. It has been perceived as a precursor of reorienting Ethiopia's engineering traditions, a new development in its construction history, as it included a market centre, conference tourism hall and parking space. Bacha Gina, President of the Commercial Bank of Ethiopia, described the building as an architectural marvel and underlined its use as a training platform for engineering students. Similarly, Zhao Xishun, Chairman of CSCEC's Eight Engineering Division, described it as:

"a symbol of CSCEC's overseas project and a testimony to the friendship between Chinese and Ethiopian employees and is a platform to promote the extensive friendship between China and Ethiopian cultures. The unique shape of this building is like a brilliant diamond on the roof of East Africa" (The Ethiopian Herald, 16 November 2018: 8; Wardheernews, 12 November 2018).

In order to enhance its influence, China implemented various soft power initiatives, such as television and radio broadcasts, the establishment of Confucius Institutes, the exchange of young officials, and the deployment of Chinese doctors in Ethiopia. These efforts aimed to shape a positive image of China and promote cultural exchange between the two countries. However, despite China's significant cooperation with African nations, cultural differences limited the extent to which Sino-African relations could deepen, despite the warm reception of African leaders towards China's interventions (Thrall 2015: 49). For instance, during the inauguration of the new African Union headquarters in Addis Ababa in January 2012, Ethiopian Prime Minister Meles Zenawi acknowledged China's support as a crucial factor in Africa's achievements and highlighted that China's growing global influence and partnership with Africa were paving the way for an African Renaissance (Hanauer, Morris, 2014: 25).

The 2008 report from the International Monetary Fund (IMF) documented the impact of China's infrastructure interventions in Ethiopia. It noted that Ethiopia's infrastructure, although moderately basic, showed rapid improvement. While there was limited data available for air and road transportation, the report indicated a significant increase of 46% in air cargo transport between 2002 and 2005 and a % 9 increase in passenger air transport. The report also highlighted the growth of Ethiopia's road network, which expanded by approximately 5% annually between 2000 and 2006. Additionally, in 2012, the World Bank increased its focus on road infrastructure investments to support the government's objectives of expanding the road network. This investment aimed to add approximately 11,000 km of new government roads and 5,500 km of new provincial roads, resulting in an overall increase of around 40% in

the road network (The Federal Democratic Republic of Ethiopia: Selected Issues, 2008 International Monetary Fund, 2008: 40).

China has been intent on modernising Ethiopia's aviation infrastructure, considering it part of its "Silk Road in the air". In this context, given Addis Ababa Bole International Airport's regional reputation as the busiest transit station in Africa for air transport, Air China announced direct flights between Beijing and Addis Ababa in 2015. However, even before the New Silk Road's inception, China executed the expansion projects of the Bole International Airport. For instance, in 2004, China's CATIC International implemented the \$7.5 million (64.4 million Ethiopian Birrs) construction project of a hangar and a modern global standard cargo terminal with parking and office for banks and customs (The Ethiopian Herald, 22 June 2004: 8). It became a central hub for the transportation of goods between China and Ethiopia, as well as other African countries. In 2010, three years prior to the launch of the Belt and Road Initiative, the China Road and Bridge Corporation (CRBC) and Addis Engineering PLC secured a contract to construct a new 80,000 square metre ramp at Addis Ababa airport. This ramp, valued at \$86 million, facilitated the unloading, refuelling, parking, loading, and boarding of 25 aircraft. Additionally, CRBC entered into a \$67 million agreement for the expansion of the airport (equivalent to 1.1 billion Ethiopian Birrs) (Fortune, 12 December 2010: 8).

In response to the increasing number of passengers, the Ethiopian authorities granted the Bole International Airport Terminal Expansion Project to the China Communications Construction Company (CCCC) in 2012. This project aimed to upgrade and expand the airport's infrastructure. The terminal and the 5-star Skylight Hotel began serving customers in January 2019. The CEO of Ethiopian Airport Enterprise, Eskinder Alemu, asserted that the project expected to increase the airport's passenger capacity "from 7 Million to 22 Million per year", transforming it into "a hub for African aviation." At the same time, Li Xiudong, the Project General Manager, stated:

"We had two contracts in the expansion project. Project one is finished with a total cost of 225 Million USD, obtained through a concessional loan from the Chinese government Export-Import Bank of China. The other contract project -Project Two- is an expansion project and renovation of the old terminal. We started it with the cost of 138 Million USD obtained from the Export-Import Bank of China and the Ethiopian government covering 15%." (The Ethiopian Herald, 22 November 2019: 5).

Chinese entities were involved in the construction of approximately 70% of the road network in Ethiopia, including the significant Addis Ababa Ring Road. In many cases, Chinese soft loans were provided at below-market rates and without strict conditions attached (Shinn, 2014: 153).

In 2010, China's Export-Import Bank agreed to allocate \$60 million to a delayed project on Meskel Square Bole Road as its Ministry of Finance helped promote soft loans (The Reporter, 6 November 2010: 1). In 2016, the Addis-Adama Expressway project executed by CCCC cost \$190 million (4.2 billion Ethiopian Birrs). The project comprised 84.6 km from Lebu to IT Park along Akaki to reduce congestion and traffic accidents. Ethiopian Prime Minister Haile Merriam asserted they were hopeful that "building road infrastructure would immensely contribute to fast economic growth" (Capital, 14 August 2016: 19).

The other important transnational road project the Chinese companies have executed in Ethiopia under the ERA includes parts of the Mombasa-Nairobi-Addis Ababa Road Network Project. This corridor is as important as the Ethio-Djibouti Railway Line. As an essential part of the broader Trans-African Highway (Cairo-Cape Town Highway), it crosses into Ethiopia through Kenya to link Addis Ababa to the Nairobi-Mombasa Corridor. While the Ethiopian section from Agere Mariam to Moyale measures roughly 300 km, the Kenyan section from Moyale to the Merille River constitutes roughly 366 km. It helped improve the transportation and communication infrastructure, remove physical barriers to cross-border trade, expand the market across borders, facilitated diversified access to the port and economically viable alternative exits via Mombasa port and connected coffee-producing regions in Southern Ethiopia (Sojato, 2010: 5).

Concerning Chinese contractors in Ethiopia's road projects, Getachew Yilma, Director, Planning and Programme Management Directorate, The Federal Democratic Republic of Ethiopia, Ethiopian Road Authority, contended:

“Ethiopia has been hosting African Union and many diplomats. China is conducting significant construction activities in Ethiopia, with the country an integral part of the One Belt One Road Initiative Project, connecting Ethiopia to Eritrea, Djibouti, and Kenya. In fact, China has been using Ethiopia as a showcase. While Beijing has significantly contributed to Ethiopia's road sector development program, Sino-Ethiopian relations are based on mutual benefit. China has risked its investments in environmentally fragile and vulnerable regions, such as Afar, and has maintained its record of timely project completion because of its expertise and financial capacity. Therefore, China has supported Ethiopian economic growth by providing access to mobilise centres and exporting agricultural products for rural Ethiopian communities” (Interview, Ethiopian Road Authority, Addis Ababa, 30.06.2021).

Regarding the economic interest of Ethiopia in China's road projects, ERA's Sadia Beshir maintains that it is the Chinese investments that actualize these projects:

“The express/toll roads became realistic due to Chinese finances. Their contractors have modern technology, even as their transfer to local personnel and contractors is minimal. Compared to local contractors, the performance of Chinese contractors is better, and they deliver projects in a better time frame. Regarding the benefits of China's road construction, it includes finance sources such as main financier /alternate contractors in the construction industry who can augment the absence of contractors in the domestic construction industry and relatively on-time delivery/completion of projects. The costs incorporate high commercial interest rate, quality compromised in some road projects, low technology transfer to local firms/personnel, poor handling or mistreatment of local personnel or labourers” (Interview, Ethiopian Road Authority, Addis Ababa, 09.07.2021).

It is essential to acknowledge the challenges associated with the infrastructure investments made by Chinese companies in the region. The issues of low quality, inadequate transfer of technology, and delayed completion of projects raise concerns about the impact of Chinese investments in Ethiopia and surrounding areas. It is worth noting that these concerns have been highlighted by Beshir, one of the Ethiopian officials quoted above, indicating that these issues are not only being recognized but also actively discussed and addressed within the local context.

In 2010, Ethiopia entered into loan agreements with China amounting to billions of dollars to fund various government projects spanning multiple sectors. These projects included the construction of a 300km Light Rail Transit system in Addis Ababa, which was carried out by the China Railway Group Limited. Additionally, funds were allocated for the establishment of a new 752km railway line connecting Ethiopia and Djibouti, the procurement of nine vessels for Ethiopian Shipping lines, and the construction of 200 housing buildings by the Ethiopian Housing Corporation (Fortune, 9 May 2010: 5).

The Addis Ababa Light Rail was the first in sub-Saharan Africa, something Ethiopians considered a milestone for the country as it provided highspeed and affordable mobility, thereby improving the city's lifestyles in myriad ways. It also signified the country's progression to dynamic development. The project's initial phase was completed in three years at \$475 million, with 39 stations on the two lines, enabling transportation services for 15,000 passengers per hour per direction. Given the stature of Addis Ababa as Africa's diplomatic centre and home to Ethiopia's federal government, Gebremeden (2015: 5) asserts that the Light Rail showcased the development of this African hub and helped drive the country's economic growth of over 10% annually as it facilitated the rapid mobility of people.

In 2011, the China Railway Group and Ethiopian Railway Corporation also signed an agreement for the Ethio-Djibouti rail line project. The \$4.2 billion project, completed in 2016, intended to reduce transportation costs, improve the safety and reliability of transportation services, speed up the country's import and export trade, and promote foreign direct investment. It aimed to provide socio-economic benefits to these countries as efficient transportation services facilitated regional and cross-border integration by stimulating trade and connecting production centres to regional and international markets. This is facilitated as their economies are tied up as over 95% of Ethiopia's trade passes through Djibouti as it imports over 13 million tons of commodities through Djibouti (Capital, 7 April 2013: 14). Wassihun (2019: 11) argued that the project benefited Addis Ababa by reducing spending on expensive commodities such as imported oil and related commodities, in particular, the agricultural sector, by enabling the timely delivery of fertilizers.

During the inaugural Ethiopian Railway Conference held in Addis Ababa on September 17-18, 2018, Birhanu Besh, CEO of Ethiopia Rail Corporation, emphasized the country's objective of establishing an extensive railway network to enhance regional connectivity and foster overall development:

“East Africa's first light rail transport in 2015 and Africa's first international electrified standard gauge railway from Addis Ababa to Djibouti in 2018 were constructed in Ethiopia. Hence, Ethiopia's railway development visualizes to support economic development as a low-cost means of long-distance transportation. In addition, the socio-economic impact of the modal shift from roads to rail would reach the largest greenhouse gas reduction in the transport sector has been expecting” (The Ethiopian Herald, 21 September 2018: 5).

To the queries of why Ethiopia preferred Chinese companies for its largescale railway projects, the Deputy Chief Executive Officer of the Ethiopian Railway Corporation's Rail Transport Division, Henok Bogale, claimed:

“Ethiopia has chosen Chinese contractors for construction railways in Ethiopia because of China's loan arrangement, having more experience of China on the railway, and being a good development partner of Ethiopia, whereas China is engaged in investment of Ethiopia's infrastructure development due to peaceful and stable environment in Ethiopia, humble and hardworking people of Ethiopia. China gives opportunities and new experiences for technological transfer by contracting railway and road construction projects. For instance, road and railway projects in Ethiopia, a landlocked African country, have created access ports and eased export. Before the Addis to Djibouti Railway construction, transportation took three days by truck, but now it takes 10 to 12 hours. The railway helps the Ethiopian economy by reducing expenses in terms of time-saving, bulk, cargo transportation, carbon credit, power-friendly, and the cost of oil. However, there is a cost of the projects for Ethiopia because the Ethiopian economy does not benefit from the projects in a short period, and benefits take a long time”. (Interview, Ethiopian Railway Corporation, Addis Ababa, 30.06.2021).

Behailu Sintayehu, Deputy Chief Executive Officer Rail Network Division, The Federal Democratic Republic of Ethiopia, Ethiopian Railway Corporation, further indicated that the Chinese interventions have particularly facilitated the development of the country's agriculture sector as:

“Ethiopia is a landlocked country but a gateway of East Africa and has a significant market with its population. Eighty-five per cent of Ethiopian people have been working in the agricultural sector. Chinese executed railway projects have allowed Ethiopia to reach ports and connect regional integration with Kenya, Djibouti, and Eritrea, as job opportunities for Ethiopian people and technology transfer. Furthermore, these projects contribute to Ethiopia's cash flows with progress in import-export activity and training human resources. However, these projects also bring disadvantages to the country, such as debt burden and maintenance costs, but it is natural” (Interview, Ethiopian Railway Corporation, Addis Ababa, 13.07.2021).

Aside from construction investment and infrastructure projects, China also conducted oil and gas exploration projects in Ethiopia. In 2007, the Chinese state-owned Zhongyuan Petroleum Exploration Company attempted oil exploration in the Ogaden region. However, these efforts were halted after the Ogaden National Liberation Front destroyed the facility and left 74 people dead, along with the kidnapping of six Chinese workers on 25 April 2007 (Cabestan, 2012: 53). Though this forced the company to wind up its exploration activities in the region, however, the Chinese government continued its investments in the transportation and telecommunication sectors of the region at the Ethiopian government's insistence and assurances. Prime Minister Meles Zenawi held that Ethiopians remained indebted to Beijing for not getting “scared away” and instead committed to “increasing their investment” in the country (The Ethiopian Herald, 17 May 2007: 1).

Additionally, a collaboration between China POLY Group Corporation and Golden Concord Group, comprising both state-owned and private-owned entities, conducted drilling activities for five gas appraisal wells in southeastern Ethiopia. This joint venture encompassed the development of the gas field, the establishment of a pipeline connecting inland Ethiopia to the Djibouti coast, and the construction of a liquefied natural gas (LNG) plant and export terminal. POLYGCL commenced LNG production in mid-2018, initially with a capacity of 3 million

tons per year, which is projected to eventually increase to 10 million tons (Capital, 3 January 2016: 4).

The other Ethiopian sector which attracted Chinese investments included salt mining around the Lake Afdera region. The region, known for its significant salt deposits, became a focal point for Chinese investments in Ethiopia's mining sector, responsible for more than 90 per cent of the country's salt production. In its efforts to attract foreign companies for the extraction of untapped mineral resources, Addis Ababa witnessed the active participation of numerous Chinese firms in exploring and exploiting Ethiopia's mineral and natural gas reserves. According to Assefa Kumsa, the State Minister of Mining and Petroleum in Ethiopia, this engagement was noteworthy as:

"Chinese firms' engagement in Ethiopia's overall investment landscape augmented in recent years, the mining sector has become a priority investment potential for potential Chinese businesses, garnering tremendous interest and capital...dozens of Chinese firms have been recently awarded licenses in the exploration and production of various mineral resources across mineral-rich parts of Ethiopia. Minerals such as gold, iron-ore, various types of precious stones, chemicals, oil and natural gas, as well as construction inputs are among the mineral resources in which Chinese firms are presently exerting their capital and technology in Ethiopia (Xinhua, 27 May 2019).

For example, Tanarmu Chemical Industries Plc recently entered into a 12-year contractual agreement with the Ethiopian Ministry of Mining and Petroleum to initiate the production of Bromine, a valuable chemical resource, within Ethiopia. The Chinese company agreed to:

"invest 57 million U.S. dollars in Ethiopia's mineral-rich eastern Afar regional state, where an abundant reserve of Bromine -a chemical element used as an ingredient for arees including agricultural chemicals and chemical intermediates -is said to be at hand" (Xinhua, 27 May 2019).

These investments in the export-oriented sectors play a pivotal role in alleviating Ethiopia's forex shortage (The Ethiopian Herald, 28 August 2018: 1).

The analysis clearly shows that China has made significant investments in Ethiopia's infrastructure in various sectors, including aviation, transportation, telecommunications, mining, hydroelectric power, and agriculture. These investments have played a crucial role in facilitating the transportation of goods produced by both Chinese and local companies in Ethiopia's industrial parks, thereby contributing to the country's import and export activities. The dams and water wells constructed by China have also helped meet the people's electricity and water needs while creating job opportunities for locals.

In return, Ethiopia's strategic location as a hub for the Chinese Silk Road Project connecting African countries has made it easier for China to achieve its goals by reaching other African countries through Ethiopian airlines, Ethiopia-Djibouti railways, and highways from Ethiopia to Djibouti and Ethiopia to Kenya made China easier to import its products from Ethiopia and sell the goods it produces in Ethiopia abroad, especially to America and Europe. Ethiopia's infrastructure facilities and economic progress have also influenced international institutions such as the United Nations, the African Union, and Comesa to provide more investment

opportunities for China in their own countries. However, Beijing has preconditioned significant investments and infrastructure loans to award contracts to Chinese companies. Consequently, Ethiopia is more reliant on China in their asymmetrical interdependence relationship, largely due to the significant infrastructure contributions made by Beijing. Any disruption or severance of financial ties between the two countries could have severe consequences for Ethiopia, including high costs associated with severing these links. It seems that Ethiopia's credit rating has already been downgraded by an international rating agency, which could make it more difficult for Ethiopia to borrow money in the future. This downgrade may lead to a decrease in foreign investment and a slowdown in economic growth. However, if Ethiopia decides to sever ties with China, China could demand repayment of the outstanding loans and halt its ongoing investments, which could further strain Ethiopia's economy.

Nevertheless, it is worth noting that there might be some flexibility, as China has been willing to renegotiate repayment terms in the past. It shows that Ethiopia is much more vulnerable to China than China is. While Chinese investment has brought substantial improvements to Ethiopia, it is crucial to consider the potential costs. Moreover, the limited technology transfer and the lack of a skilled local workforce capable of maintaining and expanding upon the infrastructure pose a risk for Ethiopia, as it may become even more dependent on China, which could have negative implications in the long run.

4.3.3. China's Aid to Ethiopia

China has been a consistent supporter of African nations, adhering to principles of mutual benefit, equality, and common development since the 1950s. In terms of economic and technical assistance, China has provided various forms of aid to African countries, including interest-free loans, grants, concessional loans, and low-interest loans. Among these nations, Ethiopia has emerged as the second-largest recipient and beneficiary of Chinese aid in Africa.

Grants have played a crucial role in providing assistance to recipient countries, allowing them to undertake significant projects such as the construction of hospitals, schools, and affordable housing. These grants have also been instrumental in financing social welfare initiatives, including the development of water wells and water supply projects, as well as supporting small and medium-sized projects aimed at improving the overall welfare of communities. China provides grants for technical cooperation, emergency humanitarian assistance and human resource development cooperation. Beijing extended a grant of about \$21 Million (105 million RMB) to Ethiopia between 1971 and 2000. The extended grants were used to purchase machinery and sponsor small-scale irrigation and hydropower projects, besides financing low-cost housing and textile garment training projects. The two countries established a bilateral joint commission mechanism in 1988 to facilitate the implementation of these projects. The commission held four meetings to review bilateral economic cooperation and ensure smooth project execution. In 2003, China pledged to subsidise \$12 million (around 100 million Ethiopian Birrs) for funding Ethiopia's national budget during the 2nd China-Africa Cooperation Forum in Addis Ababa. While some of the subsidies were provided in aid, the rest were long-term loans (The Ethiopian Herald, 18 December 2003: 1). The table below shows the major initiatives of China to Ethiopia.

From 2018-2021 FOCAC Initiative Great Projects

Figure 4.3. List of Key Cooperation Projects under the Eight Major Initiatives on China-Ethiopia Cooperation

No	Project Title	Implementation Modality	Progress
1	Industrial Promotion Initiative		
1.1.	Vocational Education and Training Cooperation in Agricultural Area	Grant	Instructors for the 20th term finished the aid program and returned to China.
1.2.	China Aided Program to Ethiopia on Senior Agricultural Experts and Technological Cooperation	Grant	The 3rd term of the program is in operation
1.3.	Emergency Humanitarian Food Assistance	Grant	
1.4.	Technical Cooperation on Ethiopia-China Agricultural Technology Demonstration Center Project	Grant	The two governments have signed an exchange of the feasibility study of the project's third phase.
2.	Supply of Equipment and Medicine to		
2.1.	Against Locust Materials Donations	Grant	Material Arrived at Addis Ababa
3.	Infrastructure Connectivity Initiative		
3.1.	Addis Ababa Light Rail Transit Maintenance Facilities Project	Intend to use the grant	Intend to sign the Minutes of Meeting on the Feasibility Study on China-aid-Maintenance Facilities of Addis Ababa Light Rail Transit Project
3.2.	China-aid Auxiliary and Supporting Works of Addis Ababa-Djibouti Railway Project	Intend to use the grant	Intend to sign the Minutes of Meeting on the Feasibility Study on China-aid-Auxiliary and Supporting Works of Addis Ababa-Djibouti Railway Project
3.3.	Addis Ababa Municipal Road Project	Grant	Under construction
4.	Green Development Initiative		
4.1.	China-aided Addis Ababa Riverside Green Development Project (Friendship Park)	Grant	Phase I and II are both under construction
4.2.	African Bamboo Demonstration and Training Center Project	Intend to grant	
5.	Capacity Building Initiative		
5.1.	Project of Meles Leadership Academy (Phase I) (Head Goose Project)	Grant	Under Construction
5.2.	Professional Physicians Training	Intend to use the grant	
5.3.	Urban Workshop	Intend to use the grant	
5.4.	Railway Academy	Grant	
6.	Health Care Initiative		
6.1.	provide medical Equipment to Tirunesh Beijing Ethio-China Friendship Hospital	Intend to use the grant	

6.2.	Chinese Medical Team and Other Expert Teams	Grant	In operation
6.3.	Maternal and Child Care project		
6.4.	Malaria Prevention and Control		
7.	Peace and Security Initiative		
7.1	Criminal Investigation Laboratory	Intend to use the grant	
7.2.	Police Stability Maintenance Equipment Aid Project	Grant	Ethiopian Republican Guard has taken delivery of the materials

Source: Archive of the Ministry of Finance, China-Ethiopia Partnership, Addis Ababa, 2021.

According to data from the Ethiopian Ministry of Finance, China's aid in infrastructure, health, education, and social programs seems to have positively affected China's relationship with Ethiopia. Although these aids have also highlighted China's soft power over Ethiopia, they have been less about promoting sustained interdependence and ultimately making it less sensitive, not vulnerable, except for diplomacy. Hence, it is possible that China may have used aid to improve its image in Ethiopia and to address concerns about investments, debt, and trade imbalances that benefit China more than Ethiopia.

China offered medical aid to Ethiopia for nearly three decades, from 1971-2000, with Chinese medical teams providing valuable services at Black Lion Hospital, Debre Birhan Hospital, Jimma Hospital and Adama Hospital. In addition to the medical staff, this cooperation entailed provisions of medicine subsidies to hospitals on a grant basis, training of local human resources, supply of books and teaching aids and visit exchanges, and technology transfers (Wodajo, 2000; 3). According to an Ethiopian Ministry of Finance Report, Beijing provided Ethiopia with grants to build the Turnesh-Debaba Beijing Hospital, Wolo Street Gotera Road (China Friendship Road), Digital Forensic Laboratory, and Gotera Interchguge Bridge during the 2000-19 period. It provided Humanitarian Assistance (2 Million Dollars a year), Emergency Humanitarian Assistance (Food Aid through the Ethiopian government), Food Aid and education material assistance for Addis Ababa city and Oromia state students (about 31.500 per year), and capacity building (short term-long term education and training). While China's aid focused on livelihood support before 2010, it consisted of training medical teams, technical vocational education and the agricultural sector. Beijing's grant to Ethiopia reached over \$2 billion (Ministry of Finance, Addis Ababa, 30.06.2021).

In 2012, Beijing provided Ethiopia with \$13 million to construct the Tirunesh Beijing Hospital in the Akaki Kaliti sub-city, named after the renowned athlete Tirunesh Dibaba. The hospital served millions of people in the suburbs and surrounding areas of Oromia State. According to Addis Ababa Health Bureau, the hospital's establishment and other Chinese interventions in the health infrastructure accrued popular appreciation, thereby helping improve, sustain and drive Sino-Ethiopian relations (The Ethiopian Herald, 5 January 2009: 2). To augment Ethiopia's healthcare infrastructure and services, China also built Addis Ababa Silk Road General Hospital, its showpiece to African countries, in 2019 at \$33 Million, and equipped it with experienced professionals, intensive care unit (ICU) and the emergency rooms, medical departments and high-tech medical equipment. Liu Yu, Economic and Commercial Counsellor at the Chinese Embassy in Addis Ababa, asserted that the hospital's opening heightened China-

Ethiopia socio-economic cooperation “to the highest level”, which “would add new impetus to the country's health sector and reduce patients' travel to distant countries seeking medical treatment.” The Hospital Medical Director, Dr Wang Jianhua, affirmed that this hospital aimed to provide tertiary care to Ethiopian patients at the local level who would be otherwise forced to avail these facilities overseas (The Ethiopian Herald, 6 November 2019: 2).

As much as China's aid and grants to Ethiopia's infrastructure augmentation receive popular and critical attention, Beijing even donated equipment like computers and printers in 2004 to the Ethiopian News Agency (ENA)- acts seen to ensure its activities receive non-critical coverage in the country and a cooperation agreement with its Xinhua News Agency. Lin Lin, China's ambassador in Addis Ababa, emphasized ENA's long-term close relationship with Xinhua and the Chinese Embassy and its six-decade role as Ethiopia's chief information disseminator within and outside the country. ENA's General Manager Haddush Kasu insisted that the cooperation agreement with Xinhua enabled both these countries to share experiences, expertise and information (The Ethiopian Herald, 10 December 2004: 2). It manifests that Beijing astutely used these information mediums to ensure its activities accrued favourable coverage and build positive popular perception, something that was critical for its widespread presence and infrastructural interventions, which eventually became part of the Belt and Road Initiative.

As part of China's aid program, the Chinese government has provided short-term training to more than 6000 Ethiopians in various professional fields, including education, health services, agriculture, tourism, and manufacturing. Through the Ministry of Commerce, China has implemented a training program that includes short-term courses and scholarship opportunities aimed at enhancing the management and practical skills of government officials, academic professionals, senior management, and engineers from developing countries. The objective of this program is to promote capacity building through training and technology transfer. Ethiopia's Prime Minister, Abiy Ahmed, highly valued the generous aid from Beijing and emphasized the limitless potential of their partnership, stating that they “can go far to develop the next generation to take this responsibility and work on their country” (The Ethiopian Herald, 5 September 2018: 1).

Beijing also awarded generous scholarships, numbering 400 annually, to Ethiopian students to study at top Chinese universities. This featured in China's efforts to help train Ethiopia's human resources, with Tan Jian, Chinese ambassador to Ethiopia, describing it as one of the pillars of their cooperation in 2018 (The Ethiopian Herald, 9 August 2018: 2). Moreover, 45 Ethiopians were trained by Chinese experts in train-driving on the Addis Ababa-Djibouti Railway in 2019, including both theoretical and technical components, for managing the 752 km long transnational railroad. These efforts and contributions to Ethiopia's capacity-building programmes have been duly recognised and appreciated by Addis Ababa (The Ethiopian Herald, 9 August 2018: 2). In 2016, China extended financial assistance of \$14.5 million to the Ethiopian Railway Corporation for the establishment of a railway academy located close to the Ethiopian-Djibouti railway line, which connects Addis Ababa and the Port City of Djibouti. The objective of this initiative was to address the domestic demand for skilled labour in the railway sector. Additionally, by providing training to human resources from other African

countries, the academy aimed to generate foreign currency for Ethiopia (The Reporter, 19 November 2016: 6). These efforts were seen as important as Ethiopia strived to position itself strategically on the African technological cum technical landscape to train and empower local Africans to manage the newly built critical infrastructure coming up rapidly across the continent. This educational aid also strengthened and contributed to cooperation on the people to people basis.

Aside from the Chinese government, its companies have undertaken multiple community development corporate social responsibility (CSR) activities in their areas of operation across education, health and skill training, and infrastructure development. Below is a brief profile of the CSR activities of Chinese companies in Ethiopia.

1. In 2015, ZTE corporation, an important Chinese investor firm in Ethiopia, built 255 schools for 120.000 students to get access to primary and secondary education, apart from donating about 100.000 Ethiopian Birrs (\$4.761) to support the Amhara Development Association's social development programmes (The Ethiopian Herald, 14 November 2015: 2).
2. China's Tianjin Education Delegation donated educational and office equipment to the Ethio-China Polytechnic College, established in 2007 by Ethiopia's Education Ministry and China's Commerce Ministry, in collaboration with Tianjin University. Chinese Embassy in Addis Ababa asserted that the college exemplified Beijing's commitment to international assistance and typified Sino-Ethiopia educational cooperation. Even the Tianjin Municipal Education Delegation provided a special fund of \$129.000 (1.2 million Ethiopian Birrs) for augmenting the teaching process and college infrastructure (The Ethiopian Herald, 5 November 2008: 1)
3. China Communications construction company (CCCC) donated \$1.5 million to support Alamata's local education sector, reflective vests to Mekele police and building reservoirs for drinking water in 2016.
4. China Civil Engineering Construction Corporation (CCECC) distributed clothes, school supplies and sports goods for local students, providing water pumps, generators and oil generators to local tribes along the Addis Ababa Railway line.
5. Gezhouba Group constructed a standard elementary school at Negele Borala, the location of its GD3 Hydropower project.
6. Zhongmei Engineering Group constructed an asphalt road connecting a main road to a highway as a community service.
7. CGCOC enterprise funded the first Dengolat secondary school in the Tigray region, comprising 22 classrooms, three laboratories, two information and communication technology centres, a library, a multifunction hall and hostel facilities for 1300 students, at over \$1.1 million (25 million Ethiopian Birrs).
8. CRE constructed and equipped seven local schools (3 in Sebeta, 4 in Glen) and built six parking lots and soccer fields.
9. NORINCO supported the school feeding social programme.
10. Sinoma International Engineering provides medical examinations and treatment for the local population in its areas of operation.

11. ZTE established the primary research education research network in 36 major Ethiopian universities and, along with EthioTelecom, donated a laboratory to AASTU and an ICT classroom with 15 new computers, tables and chairs to an elementary school in Addis Ababa. It also donated \$10,000 to children's care centres to help improve their living and learning environment and prepared lunches for orphanages and nursing homes for about four years daily while sponsoring the Great Run activities for about four years.
12. Huawei sponsored the study of 65 Ethiopian students to study ICT in China under its "Seeds for Future" project (The Reporter, 3 December 2016: 8).

To demonstrate its commitment to Africa, the Chinese government presented a significant gift to the African Union in January 2012 by constructing a new headquarters in Addis Ababa. Valued at \$200 million, the grand complex was unveiled during the African Union Summit and attended by numerous African leaders. Jia Qinglin, a prominent Chinese political adviser, emphasized the symbolic significance of the building, stating that it represented China's strong support for African development and its enduring friendship with the African people. "The towering complex speaks volumes about our friendship to the African people and testifies to our strong resolve to support African development" (BBC, 28 January 2012).

Another notable project that symbolized the friendship between China and Ethiopia was the Unity Park, also known as the China-Ethiopia Friendship Park. Completed in 2019 at a cost of \$169 million (5 billion Ethiopian Birrs), this park is strategically located across from the prime minister's office. It serves as a tangible manifestation of the close and friendly relations between China and Ethiopia. It stands as a testament to China's extensive presence and active engagement in Ethiopia (The Ethiopian Herald, "Unity Park", 24 November 2019: 2).

Demse Sulemma, Director of Ethio-China cooperation in Ethiopia's Ministry of Finance and Economic Development, in an interview, asserts that China-Ethiopia relations traverse beyond simple economics and instead are cooperative yet strategic in nature.

"Relations between China and Ethiopia are beyond the business and are based on cooperative strategic friendship relations. There are several reasons. First, China supports the Ethiopian economic reform programme by giving grants to reduce poverty in Ethiopia, such as scholarships for a long and short periods, construction of academic and health sector buildings, and providing emergency food for children. Secondly, China gives Ethiopia interest-free loans and provides debt forgiveness for Ethiopia, which plays a significant role in the country's development. Thirdly, China contributes to Ethiopia's technological improvement by transferring its technology to Ethiopia. In the end, China motivates Ethiopia regarding open-market and foreign currency. (Interview, The Ministry of Finance and Economic Development, Addis Ababa, 30.06.2021).

Similarly, Getachew Kassa, an African Studies researcher at Addis Ababa University, argues that the relationship between Beijing and Addis Ababa is sustained by their cooperative partnership dynamics wherein Ethiopia is seen as a partner by the other state than a clientele, as has been persistent when it comes to engagements with other major economies.

"Relations between China and African countries are based on equality and partnership. China has contributed to Africa by supporting the independence movements against Western colonial powers and the infrastructure development of Africa. In fact, Ethiopia gained many advantages

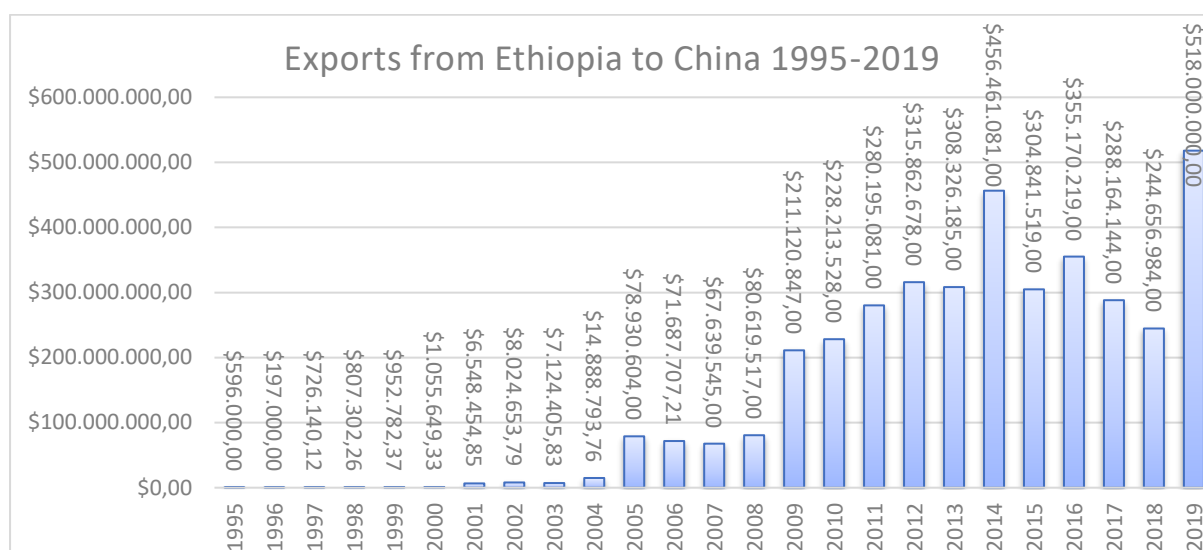
in ties with China. For example, a technological edge is an observable achievement. China also allows many Ethiopian students to have Chinese government scholarships for education in China. China has contributed to Ethiopian economic development, and China's investment is helpful for education and knowledge” (Interview, Addis Ababa University, 14.07.2021).

In conclusion, the above-detailed exposition explicitly indicates that China has accorded Ethiopia large amounts of interest-free, low-interest and concessional loans for infrastructure, large, medium-scale investments and grants for agricultural promotion, equipment, healthcare initiatives; in return, the Chinese government and large Chinese companies rent Ethiopian communities' land. Beijing offers financial support to augment and expand the education infrastructure and improve health and living standards to ensure a favourable public opinion about its broad-based activities in the country. China ensures that its welfare activities are highlighted as Beijing's goodwill for the local communities by the local media and has, for example, not shied away from having its state-run Xinhua exact a deal with Ethiopian News Agency. Hence, China uses "soft power" to positively impact the Ethiopian people and the next generation.

China holds the position of being the largest bilateral trading partner of Ethiopia. However, the persistent trade imbalance has acted as a limiting factor in the relationship between the two countries despite numerous attempts to address this issue. In 2003, the Beijing Chamber of Commerce conducted a meeting with the Addis Ababa Chamber of Commerce (AACC) in the capital of Ethiopia, expressing its keenness to enhance trade and investment collaborations across various sectors in the country. Hussein Sibesi, AACC Executive Secretary, insisted that the two sides must address the growing trade imbalance between the two countries, over \$1.4 billion, even as Ethiopia increased its exports of animal products and leather to China. The resultant trade agreements included the duty-free export of Ethiopian goods to China. These commitments also resulted in China's investments in Ethiopia's medical industry, animal resource development, food processing, transportation, real estate, agricultural construction and leather (The Ethiopian Herald, 21 November 2003).

In line with its asymmetrical interdependence relations, these agreements were seen as an important milestone for Ethiopians by significantly boosting its bilateral commercial relations with China, as manifested by growing exports. As such, these deals were supplemented by signing a pre-shipment inspection agreement on the imported goods from China on 26 April 2006 (The Ethiopian Herald, 26 April 2006: 1-7). This pre-shipment deal enabled an inspection of the quality-price of Chinese goods to ensure Ethiopia is not used as a junkyard by various Chinese companies to dump expired and discarded products, as was alleged by various third-world countries. It also intended to thwart any unfair market competition conducted under the pretext of the free-market economy (The Ethiopian Herald, 4 May 2007: 1-2).

Figure 4.4. Exports from Ethiopia to China (1995-2019)



Source: Ethiopia Federal Democratic Republic, Ministry of Trade, Addis Ababa, 2021

In 2007, Ethiopia's Shipping Lines Share Company purchased modern ships worth \$22.5 million from China's Kouan Shipbuilding Industry Company. Ethiopia's Transport and Communications Minister Juneydin Sado claimed that this increased the country's foreign trade, particularly exports, and improved the source of hard currencies, thereby driving its overall economic development. The Shipping Lines made significant efforts to modernise their operations to sustain the fierce global maritime competition (The Ethiopian Herald, 26 June 2007: 1).

In December 2013, China held its first Africa Trade Expo, "Africa China Commodities, Technology and Services Exposition", in Addis Ababa, with more than 150 Chinese companies, including Huawei and Sinosteel Corporation, in attendance. It was seen as an occasion to entrench the interest of Chinese companies further in the continent (African Trade Statistics Yearbook, 2017:70-71).

Beijing privileged Addis Ababa with a Preferential Trade Agreement in January 2010 to give over 95% of Ethiopian exports preferential market access to China, and China primarily imported oil seeds from Ethiopia. It is important to note that Ethiopia took advantage of this opportunity, and the agreement built up its exports. It is also significant so that it might reduce dependency and move in the direction of symmetry rather than asymmetry. However, as seen in the chart above, there was a significant drop in Ethiopia's exports to China from 2015 to 2018 due to internal conflict and a state of emergency in Ethiopia. Despite the agreement's benefit, the trade imbalance has remained in favour of China, which is a concern for Ethiopians. In that regard, Shinn and Eisenman (2012: 273) argued that China-Ethiopia trading activity accrued more significance than others and credited it to the burgeoning operations of Ethiopian Airlines, which fly to multiple destinations in China, including Beijing, Guangzhou, Hangzhou and Hong Kong. Furthermore, despite concerns about the quality of Chinese products, unfair competition, and the relocation of small Ethiopian businesses, the cheaper value of Chinese goods increases their attraction to Ethiopian people.

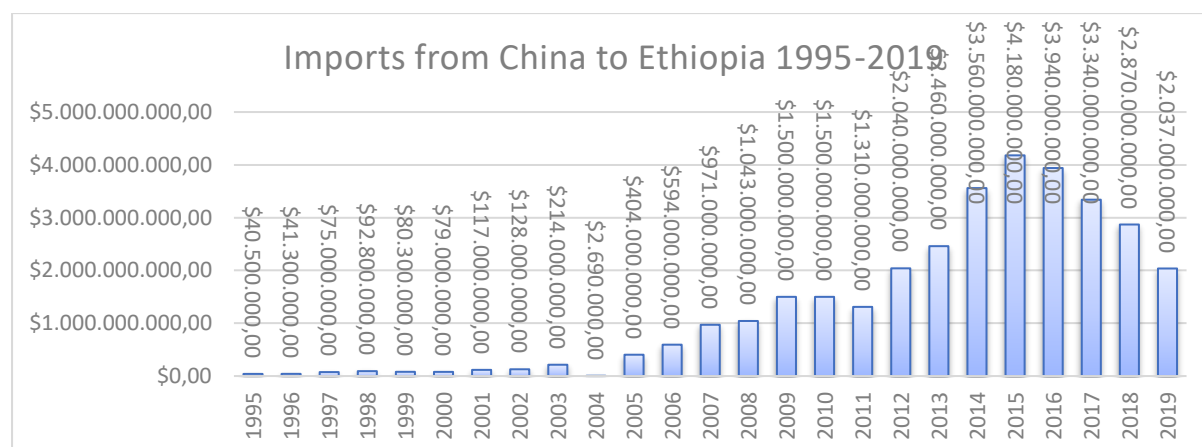
In 2016, Ethiopia-China trade's average annual growth rate was 35%, with an estimated trade value of \$ 4.3 billion. Whereas Ethiopia's exports to China were about \$355.2 million, its imports from China were about \$3.940 billion. According to Ethiopia's Ministry of Trade and Industry, China became the fifth largest market in Ethiopia, mainly for agricultural exports, reaching \$156 million in 2018/19.

In 2019, Ethiopia exported goods worth \$518 million to China. The top products Ethiopia exported to China were oilseed (\$174 million), copper ore (\$98.4 million) and zinc ore (\$94.1 million). Over the 25 years from 1995 to 2019, Ethiopia's exports to China grew at an annual rate of 32.6%, from \$596,000 in 1995 to \$518 million in 2019 (OEC, 28.01.2022, <https://oec.world/en/profile/bilateral-country/chn/partner/eth>).

A 2020 report by Ethiopia's Foreign Affairs Ministry impressed that the country should focus on maximising its industrial and agricultural exports to the Chinese market by exploiting its special priority access. It further stressed developing a coffee brand suited to Chinese people's tastes to tap that vast market (The Ministry of Foreign Affairs, 2020: 5-6).

It is important to note that Ethiopia is sensitive to China's incentives, such as duty-free and quota-free, whereas China's sensitivity to Ethiopia is grain and livestock, reflected by the prices of these products. Regarding vulnerability asymmetries, China is less vulnerable to Ethiopia's agricultural products because China has the ability to develop alternatives that minimise risk exposure to Ethiopia's agricultural products. As a result, China could maintain policy control through a considerable amount of trade with Ethiopia, and the trade deficit in the two nations' asymmetric interdependence relations appears heavily skewed in China's favour.

Figure 4.5. Imports from China to Ethiopia (1995-2019)



Source: Ethiopia Federal Democratic Republic, Ministry of Trade, Addis Ababa, 2021

Over the 25 years between 1995 and 2019, China's exports to Ethiopia grew at an annual rate of 18.5%, from \$40.5 million in 1995 to \$2.37 billion in 2019. The main Chinese products exported to Ethiopia included electric filaments (\$265 million), non-knit women's clothing (\$90.3 million) and silk fabrics (\$59.1 million) (OEC, 28.01.2022, <https://oec.world/en/profile/bilateral-country/chn/partner/eth>).

Gebretsadik Tassew, Director, Bilateral Trade Relation and Negotiation Directorate, Ministry of Trade and Industry, Ethiopia, asserted that despite the growing China-favoured trade imbalance, Beijing has treated Addis Ababa as an equal partner and has since attempted to address these issues.

“China is the top trading partner of Ethiopia. Although there is a deficit in trade relations between China and Ethiopia, with the export promotion programme, China has been trying to reduce Ethiopia’s trade deficit by providing incentives such as duty-free and quota-free to import Ethiopian products (shoes, clothes etc.). In return, Ethiopia has also offered incentives such as income tax exemption, borrowing money from the Development Bank of Ethiopia, lease agreements with low prices and electric power and duty-free import to plant and bring machinery in manufacturing and agricultural sectors to Chinese and local investors. Therefore, Ethiopia has benefitted from China's investments in the agricultural and manufacturing sectors by increasing the country's export capacity. On the other hand, Ethiopian consumers have benefitted from low-priced Chinese products (Interview, Ministry of Trade and Industry, Addis Ababa, 06.07.2021).

In summary, the trade relationship between Ethiopia and China primarily revolves around agricultural products and mineral resources, such as iron and zinc, being exported from Ethiopia to China. Conversely, Ethiopia imports goods like electronics, clothing, and plastics from China. However, this trade dynamic has resulted in a significant trade imbalance, with a substantial outflow of foreign exchange from Ethiopia to China. To address this issue, the Ethiopian government has implemented several policy measures, including the mutual interest policy, aimed at reducing the trade deficit. These interventions aim to prevent Ethiopia from becoming a destination for low-quality goods by imposing import restrictions and regulations. For instance, between 1995 and 2019, there was a significant increase in exports from Ethiopia to China, with the value rising from \$596,000 to \$518 million.

Conversely, China's exports to Ethiopia increased significantly over the same period, rising from \$41 million to \$2 billion. The trade imbalance remains a major issue despite the increasing exports to China. Beijing's incentive packages have helped facilitate Ethiopia's exports, but the bilateral trade deficit has persisted. In conclusion, it can be argued that China's trade with Ethiopia is in favour of China, and Ethiopia, which has a higher degree of interdependence with China, can pay a high price if it were to sever its relations with China. In addition, the asymmetrical interdependence relations tend to turn into dependence relations, as Ethiopia primarily exports raw materials and agricultural products to China while importing finished goods in return.

4.4. Agreements signed between China, Ethiopia and AU to develop Belt and Road Initiative

China has supported Ethiopia's development prospects across sectors. The two sides signed over 60 bilateral agreements and MOUs. It included:

The Agreement for Economic and Technological Cooperation (1971, 1988 and 2002); The Trade Agreement (1971,1976); the Trade Protocol (1984, 1986, and 1988); The Agreement for Trade, Economic and Technological Cooperation (1996); The Agreement for Mutual Promotion and Protection of Investment (1988); The Agreement

on the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with Respect to Taxes on Income (2009); An MOU on Air service (2013); The Agreement on Mutual Visa Exemption for the Holders of Diplomatic and Service Passports (2014); An MOU between the Ministry of Defense of the FDRE and the Ministry of Defense of China (2016); An MOU on Cooperation within the framework of the Silk Road Economic Belt and The 21st Century Maritime Silk Road Initiative (2018) (Federal Democratic Republic of Ethiopia Ministry of Foreign Affairs, 2020: 2-3).

Besides their bilateral cooperation, China and Ethiopia have also established significant and tangible collaboration within the frameworks of the Belt and Road Initiative (BRI) and the Forum on China-Africa Cooperation (FOCAC). In May 2014, Chinese Prime Minister Li Keqiang visited Ethiopia, and in 2018, Prime Minister Abiy Ahmed reciprocated by attending the Beijing Summit of FOCAC. During the summit visit, the two countries signed a Memorandum of Understanding (MOU) to enhance cooperation under the BRI, along with agreements covering economic and technological cooperation, food aid, and Ethiopian imports, on September 3, 2018. The views expressed by the leadership of both countries manifest the extent of interdependence in their relations. Chinese Premier Li Keqiang's assertions highlight how the two sides nurture mutually beneficial relations.

"Ethiopia is one of China's most important strategic partners on the continent and the two countries enjoy a high level of mutual trust, support each other in their core interests and core interests, and the two countries choose the development path that suits the national situation. China attaches great importance to relations with Ethiopia and will work with African countries to bring mutually beneficial cooperation to a new level" (China Daily, 04.09.2018, <http://www.chinadaily.com.cn>)

Abiy Ahmed, Ethiopia's Prime Minister, ably described Beijing as his country's most reliable partner.

"With China's support, Ethiopia and the African continent have seen consistent development and progress. Chinese companies play an increasingly important role in Ethiopia's social and economic development. Ethiopia is willing to boost cooperation with China in human resources, energy, highways, railways and other infrastructure, he said, adding that the business environment in his country will be improved and Chinese companies are welcome to invest there" (China Daily, 04.09.2018, <http://www.chinadaily.com.cn>)

As a result, China's relationship with African countries, including Ethiopia, exemplifies the multifaceted nature of interdependence, involving various channels such as multinational organizations such as the AU and FOCAC and intergovernmental communications. This is evident in the Sino-Ethiopian agreements that played a significant role in persuading the African Union to enter into Memorandums of Understanding (MOUs) regarding the Belt and Road Initiative (BRI) during the 2018 Beijing Summit of the Forum on China-Africa Cooperation (FOCAC) on September 6, 2018. China aimed to sign BRI agreements with all African countries, collaborate to achieve tangible outcomes, and provide support to the people of Africa (China Daily, 10.09.2018, <https://eng.yidaiyilu.gov.cn>)

4.5. Conclusion

The chapter has analyzed the impact of China's investments, infrastructure projects, aid, loans, and trade on Ethiopia's economy. It has also examined Ethiopia's response to China's initiatives and evaluated the relationship between the two countries using interdependence theory. The interdependence theory suggests that international relations are complex and require cooperation based on mutual self-interest. It appears that in the case of China and Ethiopia, there are differences in resources and abilities between the two countries, which makes their relationship asymmetrical, influenced by state conditions such as sensitivity and vulnerability. Sensitivity is influenced by factors such as resource and trade dependencies and economic connections. On the other hand, vulnerability refers to the ability of different actors to set rules affected by factors such as debt levels, reliance on a single industry or export, and economic inequality. The asymmetry in relations between China and Ethiopia tends towards becoming dependent of Ethiopia on China controlling the key economic levers, importing raw materials and agricultural products while exporting finished goods, benefiting from cheap labour, and providing debt and aid opportunities.

The focus has been on assessing the existing agreements on investments, loans, and development aid, as well as predicting potential outcomes, benefits, and challenges.

China has been drawn to Ethiopia due to its prominent regional position in politics, economics, and culture, which has made it appealing to major global powers. Ethiopia's local market, its membership in regional organizations like IGAD and COMESA, and its hosting of the African Union headquarters have provided China with advantageous opportunities to expand its influence in the wider region.

The analysis has revealed that Sino-Ethiopian relations cannot be solely seen through government-to-government ties but need to incorporate the significance of relations between political parties, like Ethiopia's People's Revolutionary Democratic Front (EPRDF) and Chinese Communist Party (CCP). It illustrates the multiple characteristics of the interdependence theory. Ethiopia has refrained from offending Beijing by avoiding taking any position on China's domestic affairs, something the Asian major power has greatly appreciated. These diplomatic niceties have considerably enhanced Beijing's investments and assistance to Ethiopia and reinforced their mutually beneficial partnerships, thereby strengthening their asymmetrical interdependence relationship.

China has provided Ethiopia with interest-free, low-interest, and concessional loans for infrastructure and large and medium-scale investments; in exchange, the Chinese government and large Chinese corporations rent land from Ethiopian communities to invest and build factories in Ethiopia. Although the political relationship between the two countries appears to be mostly in favour of China, there is a note of caution. There has been an evident trade imbalance to the disadvantage of Addis Ababa, which it sought to reduce through various policy interventions, such as the mutual interest policy, which capped imports and prevented the country from becoming a dumping ground for low-quality commodities. Regarding Ethiopia's trade imbalance with China, there appears to be a growing sense of interdependence between the two nations. While China is a less dependent actor in relations with Ethiopia, the investments, infrastructure projects, loans, and aid implemented by China in the country have increased Ethiopia's sensitivity and vulnerability to China. This dynamic creates an

asymmetrical interdependence where Ethiopia's degree of interdependence is higher than China's.

Additionally, Beijing has offered financial assistance to improve education infrastructure and living conditions, as well as to promote a favourable public image of their involvement in the country as part of China's soft power policy. China aims to present its welfare efforts as acts of generosity towards the local population and has even negotiated an agreement with the Ethiopian News Agency to help foster a positive view of China among Ethiopians through the state-run Xinhua media.

While China wants to portray these investments and humanitarian development initiatives as positive, it is significant to note that it is unclear what technology transfer means or what kinds of employment are created. These are important aspects of obtaining a fuller understanding of interdependence; howsoever asymmetric these relations may be. The point is that these asymmetrical relations should not be cemented but rather the basis for changing Ethiopia's ongoing dependency.

In conclusion, the chapter has revealed that although these investments, infrastructure projects of China in Ethiopia, and Ethiopian officials' optimistic outlook on China may still be present, the reality of on-the-ground actions may differ. The two countries have established an asymmetrical interdependence relationship based on the principles of interdependence. Even as Ethiopia has profited from Chinese investments, loans, and infrastructure projects, these have made the country more sensitive and vulnerable to China. In return, Beijing has secured resource supply and market access for its industries and gained diplomatic support in the global political arena. However, Ethiopia's reliance on China has increased due to China's substantial investments in its manufacturing and infrastructure sectors. This has resulted in a debt trap, as Ethiopia has struggled to obtain credit and loans from other sources. Additionally, there has been a trade deficit that could further exacerbate this situation. The asymmetrical interdependence relations may turn into dependent relations due to China's growing economic influence in the long term. As the centre of the African Union, Ethiopia has become a "showcase" country for China's exhibition of its positive interventions and as an alternative force and a developmental partner to the regional countries. Resultantly, by 2020, almost 48 Sub-Saharan and North African nations signed to join the BRI project. Therefore, it would be reasonable to conclude that China has attempted to spread its influence by realising Cecil Rhodes' ambition of constructing a railway linking African nations from Cape Town to Cairo throughout the whole continent around 120 years later. But such links are not for British imperial reasons, but for China in the first instance. How Ethiopia and other countries in east and southern Africa respond and take control of their resources and infrastructure to become less dependent and more assertive in an interdependent relationship with China remains to be seen.

Chapter 5

South Africa in China's Belt and Road Initiative

5.1. Introduction

South Africa has a significant political and economic influence in Africa. It is essential to China's regional strategies, particularly regarding investments and geopolitical interests in key countries like Ethiopia. China and South Africa both play crucial roles in promoting peace, development, climate change initiatives, peacekeeping efforts, trade, IMF reforms, and international development on the African continent. With South Africa's increasing regional and global influence, the partnership between the two countries has gained greater strategic significance. As a testament to their cooperation, China and South Africa have actively supported emerging economies by exploring each other's markets and working towards establishing a more equitable and balanced global order.

This chapter delves into the asymmetrical aspect of the interdependence theory, exploring how interdependence can lead to uneven relations using South Africa as an illustrative case study. Such asymmetrical relationships are influenced by several factors, including disparities in resources and capabilities, as well as state conditions such as sensitivity and vulnerability. First of all, a country's economic strength is a crucial element in evaluating its capabilities. The factors that determine economic capabilities include the Gross Domestic Product (GDP), technological innovation, industrial capacity, and economic diversity. Secondly, sensitivity, in particular, plays a crucial role in shaping power dynamics within interdependence, reflecting the varying levels of responsiveness among policy-makers. The sensitivity principle is about how state parties can swiftly act to change economic, social or political problems that affect their ability to develop the economy and ensure political stability while accommodating the social change. Thirdly, vulnerability, on the other hand, helps to identify which actors can establish the game's rules. It is about decision-making or facing the issue that certain structural conditions offer a limited set of options or none at all. While interdependence can foster cooperative political relationships, it can also give rise to political discord, such as trade disputes, sanctions, and threats of force, when strategic interests clash. Nevertheless, open international markets and increased economic exchange have the potential to reduce interstate hostility, highlighting the importance of interdependence in shaping global relations. This chapter explores these themes.

This analysis centres on the economic and political relations between China and South Africa within the framework of the Belt and Road Initiative (BRI), focusing on the asymmetrical nature of these relations. The objective is to comprehend why China has assigned a significant role to South Africa in the BRI, taking into account the intricate network of multilateral connections and diverse channels inherent in this theory. The analysis explores how China, as a less-dependent actor in the bilateral relationship, has employed long-term planning, diplomacy, and strategic manoeuvres to engage with Pretoria through investments, trade, developmental assistance, and loans, thereby exemplifying the principles of interdependence

theory. The chapter also examines the accomplishments and limitations of sustaining this interdependent relationship.

As discussed in the theoretical section, interdependent relationships are complex and subject to fluctuations based on the objectives and capabilities of the parties involved, which can affect their cooperative principles and restrict the exercise of political influence. To delve deeper into this topic, the analysis investigates the impact of trade, investments, and infrastructure on the relationship between the parties, drawing on empirical data as valuable sources of information and insights.

The chapter goes on to evaluate China's accomplishments in trade, investment, infrastructure development, aid, and loans within the South African economy from 1994 to 2019. It also analyzes how South African authorities have responded to China's extensive engagement in their economy. The chapter explores the rationale behind China's decision to involve Pretoria significantly in its Belt and Road Initiative (BRI). It examines whether this alignment serves South Africa's national development objectives or leads to new forms of dependency in their bilateral relationship. Additionally, it investigates the perspectives of the BRICS countries (Brazil, Russia, India, China, and South Africa) regarding the BRI and, whether it has prompted any policy changes towards Africa and China and how these changes have affected South Africa.

South Africa, situated in the southern region of the African continent, is among the most advanced nations on the continent. It holds membership in prominent international organizations such as the African Union and plays a significant role as a member of the BRICS grouping. Additionally, it has served as a non-permanent member of the UN Security Council. Due to its influential position, South Africa has become a sought-after political player in Africa, leading China to seek strategic partnerships with the country actively. The establishment of trade agreements between South Africa and China has further solidified their political and economic ties, yielding mutual benefits for both nations and contributing to China's broader Africa outreach policy (source: AfricaPortal.org).

South Africa, distinguished as the most developed economy in Africa, stands out from other African nations due to its relatively advanced industrial sector. Unlike weaker economies in the region that depend on subsidies, South Africa demonstrated resilience during the 2008 global economic crisis without requiring external assistance (Edwards, Jenkins, 2014: 2). The country's robust market appeal to China is primarily attributed to its abundant mineral resources, including diamonds, gold, and coal, which were discovered in the 1850s and 1860s (Bindu Reddy, Online). The mining industry has played a significant role in shaping South Africa's economic, political, and social landscape over the years. For instance, it has contributed approximately \$12.8 billion (roughly R219.5 billion) to the country's GDP. As the backbone of the country's economy, precious minerals like gold, diamonds, platinum, and coal have been the most commonly mined. Nonetheless, South Africa is also rich in other minerals, such as vanadium, titanium, chrome, and other lesser-known minerals (Minerals Council, Online; Statista, Online).

China's keen interest in capitalizing on its mineral potential underscores the inherent self-interest involved in the process, despite Europe retaining its status as a significant trading bloc for South Africa (Hakan, 2021). Both South Africa and Ethiopia, as discussed in the preceding chapter, need to reduce poverty and promote economic growth, and China's success in these areas has inspired their governments to turn to Beijing for policy ideas and inspiration in their efforts to promote development. South Africa, in particular, needs to increase its employment and attract foreign investments from China, given that it provides low-interest loans and offers development aid. In that regard, China has invested in finance, mineral resources, power, industry and media in South Africa. In addition, trade has shaped Pretoria's self-interest in its relations with Beijing. For example, in 2019, South African exports to China stood at \$9,595 billion, with a partner share of 10.73%, while the imports were worth \$16.265 billion, representing an 18.47% share. China was the top export and import partner for South Africa among the top three countries, which include Germany and the United States (World Integrated Trade Solutions, South Africa Trade Summary 2019).

Like Ethiopia's location as a gateway to the Horn of Africa, South Africa represents a port of entry to the Southern African countries. Its strong politico-economic profile, manifested by its BRICS membership, with a 2019 GDP of \$351.4 billion and strategic significance, explains why China chose and accorded Pretoria a critical role in its flagship BRI.

China's strategic interests in South Africa are diverse, driven by the need to secure new markets for its industrial goods and sustain its growing economy. The South African economy possesses two key characteristics that attract Chinese enterprises: a lack of market opposition to their presence and relatively lower labour costs, which allowed Chinese companies operating in South Africa to generate substantial profits between 1994 and 2010. However, starting from 2010, South Africa's labour costs began to rise gradually, increasing from 30 to 110 points during the 2012-2019 period. In contrast, China's labour costs decreased by 78 points from 90 points during the same period, making China's labour costs lower than those in South Africa (Trading Economics, 2023, <https://tradingeconomics.com/china/labour-costs>).

This openness of the South African market has provided opportunities for Beijing to pursue joint ventures and individual company investment strategies. This is evident in the significant expansion of China's presence in the country. Between 2003 and 2019, nearly 90 Chinese firms invested approximately \$8.30 billion (R116 billion) in South Africa (Hakan, 2021). It is worth noting that in 2019, the United States' investment in South Africa amounted to \$7.8 billion, according to the Office of the United States Trade Representative, while the UK's outward foreign direct investment (FDI) stock in South Africa was around \$25 billion (£19.1 billion) in the same year, as reported by UK Trade and Investments Factsheets (source: South Africa, 2023). These figures indeed highlight the substantial investments that China, the United States, and the United Kingdom have made in South Africa's economy. It is important to note that in the context of interdependence, South Africa can leverage this to its advantage because, with multiple investment options available, South Africa has the potential to attract more investments and become less vulnerable to China.

5.2. Contemporary Relations between China and South Africa

During the Cold War, China showed support for African liberation movements and played a significant role in their economies. South Africa, in particular, received endorsement from the Chinese Communist Party (CCP) in its fight against imperialism and for liberation and racial harmony. This support from Beijing raised concerns for the Apartheid government, as it perceived the rise of communism in South Africa as a threat to its security and economic policies. As a result, diplomatic relations between China and South Africa were absent from 1949 to 1994. Despite this, there were some economic engagements and trade between the two countries, albeit in a less public manner, during the apartheid era (Burke, Naidu, Nepgen, 2008).

Over the years, the CCP prioritized its relations with various left-leaning groups in South Africa. This is evident from its history of fostering party-to-party relations through institutions such as the Chinese People's Institute of Foreign Affairs (CPIFA), the Chinese People's Association for Friendship with Foreign Countries (CPAFFC), and the All-China Federation of Trade Unions (ACFTU) in China, and the African National Congress (ANC), Pan-African Congress (PAC), and South African Communist Party in South Africa (Jiang, 2021).

After Nelson Mandela's release in 1990, he was invited to China by then-president Yang Shangkun. Beijing pursued a dual policy of engagement with both the National Party Government and its political opposition, ensuring its interests were secured during the apartheid period and preparing for the future (Jiang, 2021). In this context, Nelson Mandela, the ANC's most prominent leader, visited Beijing in October 1992, acknowledging China's support for the anti-apartheid movement. However, Mandela's visit gave rise to criticism for condoning China's human rights violations to gain support for the ANC (Cape Argus, 12 October 1992). Despite all the criticism, the visit showed South Africa was trying to build its relationship with China on the idea that the two countries were equal and interdependent. This idea of their asymmetrical interdependent relationships is described and analysed below.

With the end of the apartheid regime in 1994, South Africa, the continent's most important politico-economic actor with critical strategic significance, particularly the Southern African region, became a battlefield between Taiwan and China, which sought Pretoria's diplomatic recognition. The Beijing-Taipei rivalry was sharpened by South Africa's pursuit of dual-aware strategies and "ambivalent diplomacy", with the PRC prevailing as the two sides established diplomatic relations on 1 January 1998. While Taiwan used development aid and trade as incentives to court Pretoria to sustain its limited international recognition,²⁷ China sought to

²⁷ Taiwan cooperated with the white minority government against the ANC, but Taipei has donated about \$ 10 million to the 1993 Mandela presidential election. After Nelson Mandela became President of South Africa in May 1994, South Africa's Foreign Minister Alfred Nzo visited Taiwan during his stay and was greeted by Taiwan's Foreign Minister Chen Fu and South Africa's Ambassador to Taiwan Johannes Viljoen. By early 1995, as many as 200 South African officials, including Secretary of Defense Joe Modise, Deputy Secretary of Arts and Sciences Winnie Mandela, and Secretary of Public Works Jeff Hadebe, visited Taiwan. Taipei's large-scale campaign was to maintain diplomatic relations with Pretoria. In that regard, Taiwan has pledged to support South Africa in vocational training to improve employment opportunities for black South Africans. Taiwan also provided approximately US \$ 15.5 million to help South African farmers invest in machinery production and the US \$ 7

widen its diplomatic base as it eyed a global role, presenting itself as a profitable trading partner. The return of Hong Kong to Chinese sovereignty had a significant impact on South Africa's trade relations with China. More than 70% of South Africa's trade with Beijing was channelled through Hong Kong, making it an important gateway for economic exchanges. For instance, while South Africa's annual bilateral trade with Taipei amounted to \$961 million, its trade with Hong Kong surged from \$800 million in 1993 to approximately \$1.5 billion in 1996. Concurrently, bilateral trade between China and South Africa experienced a remarkable increase, rising from \$11.1 million in 1991 to \$658 million in 1993 and reaching \$1.5 billion in 1996 (Haifang, 2018: 375). By 2002, the bilateral trade between the two countries had further expanded to \$2 billion. This growing economic significance of China, coupled with its emergence as a prominent market and a rising financial power in Asia, diminished Taiwan's role as a trading partner and made it increasingly challenging for South Africa to maintain diplomatic relations with Taipei.

Williams (2021) argued that Pretoria's dual recognition policy was virtually costless as it benefited from maintaining formal ties with Taipei through aid and investments. At the same time, it gradually increased engagements with China, which sought global partners and eventually granted South Africa unhindered market access through Most Favoured Nation (MFN) status in April 1996. Williams argues that the MFN Agreement was Beijing's strategy to encourage Pretoria to shun the "dual recognition" policy and constituted "China's trade carrot." Aware of Pretoria's economic influence, Beijing sought a break from South Africa's ties with Taipei, failing which additional taxes could be imposed on its commodities entering Hong Kong (Williams, 2021: 23-24,26). China used every facet of its growing diplomatic, economic, and financial resources and power to pressure South Africa into adopting its one-China policy, using every facet at its disposal. This policy of dual recognition may not benefit both countries equally and could even threaten their interdependency, as exemplified by South Africa's trade dependence on China. For instance, in 2000, South Africa's total imports were worth \$28.9 billion, of which 3.64% came from China. By 2019, South Africa's total imports worldwide had reached \$93.5 billion, with 18.1% coming from China (according to OEC World). China used trade to facilitate the entry of South African goods into its market through the MFN Agreement in return for Pretoria's exclusive recognition of the PRC.

At the invitation of South Africa's Foreign Minister Alfred Nzo, China's Vice Premier and Foreign Minister Qian Qinchin visited South Africa from 28 December 1997 to 1 January 1998 to establish formal diplomatic relations between the two countries. On 30 December 1997, an agreement was signed, and the exchange of ambassadors took place on 1 January 1998. Prior to this, while China was managing the Chinese Centre for South African Studies (CCSAS) in Pretoria, South Africa had established the South African Center for Chinese Studies (SACCS) in Beijing, promoting commerce and engaging in diplomatic functions despite the absence of formal ties. With the establishment of diplomatic relations, Wang Xi'an, the director of CCSAS, was appointed as China's first ambassador to South Africa, while Christopher

million for forestry and water conservation projects. During Nzo's visit, Taiwan promised: "to spare no effort to support South Africa's large-scale Reconstruction and Development Program." (Payne, Veney, 1998: 873-874).

Dramani, the director of SACCS, became South Africa's first ambassador to the People's Republic of China (PRC) (Payne, Veney, 1998: 878-879). This marked the end of Pretoria's dual policy strategy and signified its recognition of the PRC's "one China" policy,²⁸ acknowledging the PRC as the sole legal government representing the entirety of China, including Taiwan. The diplomatic agreement also stipulated that the two signatories would refrain from interfering in each other's internal affairs²⁹ (Cape Argus, 3/4 January 1998: 4). South Africa's decision to abandon its "dual recognition" policy in favour of China was viewed as an "unfriendly decision" and a betrayal by Taipei (Cape Argus, 31 December 1997: 2).

South Africa's recognition was a significant diplomatic breakthrough for China. It was a blow for Taiwan after strongly supporting the apartheid administration, even as informal economic relations continued afterwards, manifested by their bilateral trade valuing R 6.7 billion in 1997. With Pretoria's official approval of the 'one China policy', Taiwan's embassy in Pretoria and consulates in Johannesburg, Durban and Cape Town were subsequently downgraded as liaison offices, something Taiwanese described as to preserve their mutually beneficial substantive ties (Cape Argus, 24 December 1997: 2). This situation involving Taiwan presents an additional aspect of interdependence, wherein a smaller power must make concessions while preserving the core of its relationships with former allies. Despite the relatively smaller scale of Taiwanese investment in South Africa compared to China, numerous Taiwanese companies continue to operate in the country. While these companies may not be as technologically advanced, they still contribute to employment, and their loss would exacerbate South Africa's unemployment issue. This dynamic has created a unique form of interdependence that South Africa must navigate in relation to its interests with both China and Taiwan. As a result, Pretoria bears the responsibility of carefully managing its relationships with these two countries to maintain a delicate balance that benefits its economy and its people.

South African President Nelson Mandela visited China in 1999, during which Chinese Premier Zhu Rongji affirmed Beijing's commitments to broad-based economic engagements with Pretoria. Zhu Rongji highlighted the Chinese government's willingness to foster economic and trade cooperation with South Africa on the principles of equality and mutual benefit. He underscored the significance of economic and trade ties as a crucial factor in stabilizing the bilateral relationship between China and South Africa. Having emerged from the apartheid

²⁸ Due to the lack of Taiwan's financial resources, China sought to persuade South Africa to shift diplomatic perceptions toward Beijing, emphasizing the similarities between ANC and China's ideology, Taiwan's support for the apartheid regime. Opposition to and Beijing's third-emphasized world credential and its role as a defender of the Third World issue at the United Nations. Nevertheless, China's fast-growing economy and its political and military potential ultimately determined South Africa's foreign policy action. China did not establish diplomatic relations with South Africa because it opposed the apartheid regime. Unlike Taiwan, China supported a South African group trying to end the rule of ethnic minorities (Payne, Veney, 1998: 875-876).

²⁹ This is to protect China from any political, moral or ethical condemnation. And it protects China from doing business and engaging in diplomatic relations with countries that are short on human rights issues, and impatient with political dissent. While under the Westphalian system this works during the rise of nation states, it is less useful in increasingly tightly knit global world. Moral, ethical and political dissent are important issues, where people have right to voice their views, and more importantly to be heard by those in authority, and for grievances to be addressed in real and concrete ways. Increasingly even China has to concede this as witnessed by the rise in protests against draconian Covid regulations.

regime, Mandela's government needed a robust economy and steady development to deepen democracy, with China providing a different economic development model.³⁰ President Mandela asserted that the world could not overlook Beijing's economic achievements and stressed:

"China's potential contribution, as one of the world's largest economies and a leading figure in world affairs, cannot be exaggerated. I believe bilateral relations will be reconsolidated in future" (Cape Argus, 7 May 1999: 2).

It appears that the growing relationship between the two countries under Mandela had much to do with his affinity with China, dating back to his time in prison during apartheid. He acknowledged that "China is the spiritual pillar which helped me survive the days in Robben Island prison off Cape Town" (Yao, 2018). This personalised outlook helped solidify their relations because Mandela was aware of the problems and issues that China faced and approached these problems in a much more sympathetic way. In this context, while the ANC was ideologically aligned with the CCP, it did not mean they sought to replicate China directly.

Following an invitation from President Thabo Mbeki, the successor of Nelson Mandela, Chinese President Jiang Zemin visited South Africa from April 24 to 27, 2000. During the visit, the two leaders signed the Pretoria Declaration, which established a partnership encompassing political, economic, scientific, technological, and cultural relations between the two countries. The declaration emphasized the "moral imperative for developing countries to strengthen capacity for co-operation and mutual support in the international system", thereby highlighting the importance of strengthening their capacity in various areas. The declaration was considered 'a constructive dialogue' to expand the continent's close economic links and security, development and peace (Shelton, 2012: 9-10). Additionally, the two sides inked six agreements concerning police cooperation, marine transit, preventing the spread of harmful viruses³¹, animal health, protecting endangered species, arts and culture, and avoiding double taxes. Interestingly, Jiang Zemin and Thabo Mbeki's public pronouncements largely sought to rally together their countries and the broader developing world to profit from the advantages accorded by globalization while also combating its harmful effects and contesting domination of the international economic system by a single actor (Shelton, 2012: 260). These types of high-level visits strengthened mutual relations between China and South Africa.

President Mbeki and President Jiang shared a common foreign policy objective of establishing a partnership to promote a new international political order that would uphold the interests of developing countries and respect the principles of "sovereign equality and non-interference in

³⁰ China has a state-led economic model based on resource-intensive goods, export-led growth and limited private-sector incentives. It is an attractive economic model, but the size and control of the economy are very different from South Africa. South Africa's mixed economy combines principles of state ownership and the free market. However, some form of centrally directed economy in South Africa has brought the problem of corruption and fraud to the agenda. It can be said that these problems are very challenging for a state-led economy democratically at this time.

³¹ In fact, China seemed to delay in notifying their political, diplomatic and trade partners, and neglected in the first instance in informing the WHO. China wavered a bit here, and did not come out very well in terms of the world opinion of them.

the internal affairs of other nations.”³² Despite the geographical distance between the two nations, President Jiang emphasized the close friendship and called for expanding economic ties, particularly in the mining and manufacturing sectors (Business Day, 20 April 2000: 16; Cape Argus, 26 April 2000: 2). China sought to enhance cooperation with South Africa in mining to meet its raw material needs and invest in the country's manufacturing sector to address any trade imbalances (Business Day, 26 April 2000: 3). During the visit, contentious issues such as China's human rights record, Tibet, and Taiwan were not raised by South Africa, as it followed a policy of quiet diplomacy and modesty, avoiding any confrontation with Beijing. Jerry Matsila, South Africa's Foreign Affairs Deputy Director General, addressed these concerns by insisting that while “human rights issues formed a key part of South Africa's foreign policy”, its approach towards Beijing constituted “quiet diplomacy and modesty, not harassment” (Cape Argus, 24 April 2000: 2). This cautious approach demonstrated that China had gained significant political influence in its bilateral engagement with South Africa. South Africa, as part of BRICS, even denied visas for the Dalai Lama's visits in 2009, 2011, and 2014, blocking his entry into the country, which indicated how China utilized its bargaining power in the interdependent relationship with South Africa.

In terms of interdependence relations, one of the China-South Africa agreements in 2000 manifested asymmetric characteristics. For example, the State Tender Board allowed the Chinese to manufacture South African Air Force shirts worth approximately 800 thousand Rand. The contract granted Pretoria access to Chinese textile products 79% cheaper than local ones. This was considered damaging to the local industry, drawing reactions from the local actors who accused their government of favouritism toward China. For instance, the South Africa Clothing and Textile Workers Union (Sactwu) secretary general Ebrahim Patel (now a cabinet minister in charge of Trade and Industry) claimed that “decisions like this exacerbate unemployment and provide a strong disincentive to foreign investments in the local industry.” Paul Theron, the executive director of Cloted, representing about 400 local textile businesses, contended it appeared “that the government just wants to sell this industry down the river”(Cape Argus, 11 April 2000: 1-3). Furthermore, Bernard Richards, Chairman of the Cape Clothing Association Cape Town, insisted that their opposition to the deal was because of “the lack of transparency in the state tender board and conflicting messages being sent out by various arms of our government” (Cape Argus, 19 April 2000: 19). From 2000 to 2006, it was witnessed that the agreement that South Africa buys manufactured textiles or clothing from China enormously exerted pressure and affecting South Africa's textile sector negatively due to its lower prices.

In 2004, Vice President Zeng Qinghong's visit to South Africa marked the classification of Sino-South African relations as strategic, based on mutual benefits, development, and equality. Premier Wen Jiabao's subsequent visit in 2006 resulted in the signing of cooperation agreements across various sectors, solidifying their strategic partnership (Xu, 2014: 220).

³² In fact, the Interdependence theory is based on common interest more than self-interest, but the China's policy is self-interest in promoting norms of non-interference within global governance systems. In that regard, China chooses new strategies in response to others' strategies of reciprocity to increase cooperation securing its economic and national security interest. For instance, China has justified its intervention through conflict mediation by conditioning its mediatory role on host-government consultation and limited means and goals in its mediation by making peace. China's policy impacts interdependence relations by increasing cooperation rather than conflict.

However, Aziz Pahad, South Africa's deputy foreign minister, expressed concerns about a disparity between China's commitments and actual investment. He highlighted that while South African companies had invested \$700 million in China's economy, Chinese companies had only invested around \$200 million in South Africa (Cape Argus, 11 June 2006). These investment figures underscore the asymmetric nature of the bilateral relationship, favouring China. Asymmetric interdependence relationships often result in unequal gains from trade, which can impact power dynamics between states and lead to trade disputes and sanctions. In an attempt to address the shifting power dynamics, South Africa imposed restrictions on Chinese textile imports. Ebrahim Patel, the trade unionist turned South Africa's Minister for Trade and Industry, pointed out the negative impact of growing trading relations with China on employment and the social index. He highlighted a significant increase in clothing imports from China, which led to job losses in the domestic clothing industry. "Since 2002, clothing imports from China have risen by 480%, in the same period, domestic clothing makers have shed 63.000 jobs, largely as a result of this," stressed Patel (Cape Argus, 23 June 2006: 1-3). These concerns were echoed in both the Cape Argus and Business Day newspapers, emphasizing the adverse effects of the growing trade relationship with China on South Africa's employment and social welfare.

In addition, in interdependence relations, economic interaction increases government contact and facilitates communication. In turn, increasing contact and communication foster cooperative political relations. Jiabao's 2006 visit was considered a step towards correcting China's image in South Africa as the two did not have a balanced trade relationship in 2005, with many locals losing jobs in the country's textile sector. For instance, the Western Cape region purchased commodities worth R6.2 billion from China, while it exported items worth R861 million. Western Cape exports were dominated by iron/steel products totalling approximately R475 million, followed by seafood (R82 million), copper (R53 million), animal feed (R51 million), textile raw materials (R46 million), solvents (R33 million), and fruit, vegetables, and juices totalling approximately R26 million, representing a value-add vacuum. It is not surprising that more than one-third of imports were connected to textiles and garments. This asymmetric relationship could have transformed into a symmetric partnership by favouring policy interventions for Pretoria. Jones (2006: 19) argued that the trade imbalance could have been averted by publicizing Western Cape exports to China in the Chinese media to increase its demand in the country's middle- and upper-income groups.

South Africa emerged as Beijing's largest trade partner in Africa from 1994 to 2006, majorly buying raw material supplies of minerals such as iron ore, iron, and steel to fuel its rising expanded industrial base. At the same time, China became Pretoria's biggest export destination in 2009. Foreign Minister of South Africa, Nkosazana Dlamini-Zuma, stated:

"Premier Wen Jiabao will soon pay a visit to South Africa. This will be the first visit to South Africa by China's premier since the establishment of diplomatic ties, which will surely boost China-South Africa cooperation in all areas and deepen the strategic partnership of equality, mutual benefit, and common development between two countries" (Cape Argus, 21 June 2006: 19).

Interdependence is a complex concept involving various interactions between entities, including political parties and states. In the interdependence theory, economic cooperation fosters communication between governments and partnerships among private actors across countries. Examining party-to-party, state-to-state, and private actors' relations provides insights into the domestic political dynamics that influence a country's foreign policy and international behaviour. As an example of Chinese investment in South Africa, a joint venture between Jidong Development, the China-Africa Development Fund, Women Investment Portfolio Holdings (Wiphold), and Continental Cement was announced in May 2010. The joint venture involved the construction of a \$221 million cement plant in South Africa, with an initial daily production capacity of 2500 tons. While Jidong Development and the China-Africa Development Fund held a majority stake of 51 per cent, Wiphold, a consortium affiliated with the ANC's women's league, and Continental Cement, a local limestone miner, held the remaining shares as South African partners in the joint venture (Reuters, 10 May 2010). However, these interactions can have both positive and negative impacts on interdependence relations, which could lead to potential consequences. For example, while the close relationship between state and ANC-aligned investment companies and Chinese investors and the CCP could increase cooperation between parties, governments, and private companies in different countries, it could also result in severe corruption, fraud, and monopolization of the state by corporations, leading to democratic losses. Therefore, it is essential to acknowledge the contradiction that arises in theory and practice.

Additionally, a Chinese consortium consisting of Jinchuan Group Ltd (JNMC) and the China-Africa Development Fund (CADFund) acquired Wesizwe Platinum in a deal worth \$877 million. The purpose of this acquisition was to develop a new platinum mine called the Frischgewaagd-Ledig project, which was projected to produce 350,000 ounces of platinum group metals annually. This marked China's first direct investment in the African platinum sector (Cape Argus, 26 August 2010: 22). While the project was completed and became operational, it is noteworthy how the Bakubung Platinum Mine (BPM), a key project under Wesizwe Platinum, played a significant role in mitigating the crisis caused by the COVID-19 pandemic in its operating area. In May 2020, BPM provided essential aid to the community by distributing food parcels worth R500 thousand to members of the Ledig and Phatsima communities (BPM Covid-19 Relief Project Media Statement, 18 June 2020).

During a state visit to Beijing in August 2010, President Jacob Zuma, accompanied by a delegation of 300 members comprising business executives and key ministers, expressed South Africa's view of China as a "key strategic partner." He emphasized that his country was fully receptive to Chinese business engagement on a significant scale (Cape Argus, 26 August 2010: 22). The visit resulted in signing deals covering transport, mineral resources, environment and geology (Business Day, 23 August 2010: 4) and signing of "comprehensive strategic partnership" agreement (Business Day, 25 August 2010: 3). However, the most significant outcome of the visit was Beijing's promotion of South Africa as its Comprehensive Strategic Partner with their signing of the Comprehensive Strategic Partnership Agreement (CSPA). Pretoria had already favoured China with WTO's "Market Economy Status (MES)" in 2004, which was incorporated under the CSPA. Themba Maseko, a South African government spokesman, defended the incorporation of MES as a tool to "deal with the trade imbalance

between the two countries and with the fact that South Africa exports raw materials to China while importing finished products into our market". Pretoria also expected this agreement would positively impact its manufacturing industry while expanding its bilateral cooperation with China to new sectors like renewable energy.

Xu Weizhong, an influential Chinese scholar of African studies, argued that with South Africa seeking an intermediary role in China's African engagements, Beijing saw Zuma's visit as an opportunity to elevate its status as a comprehensive strategic partner and gain its trust as it increasingly required resources, markets, and diplomatic support (Cape Argus, 24 August 2010: 12).

President Zuma and President Jintao expressed a shared desire to advance a common foreign policy agenda on the international stage during Zuma's visit to China in August 2010. In particular, Pretoria sought Beijing's backing for securing a permanent African seat on the expanded United Nations Security Council. South Africa thus relied on China's support in various areas, including:

- Restructuring of the UN to bring strong permanent (possibly South African) representation on the UN Security Council. This is in line with the G77 and China's UN Programme for Reform (A/51/950) and the Declaration of the Twenty-Seventh Annual Ministerial Meeting of the G77.²⁹
- Reform of the global trading system, as outlined by the G77 and China in Geneva on 22 August 2003. The aim is to improve the access of developing countries to the markets of developed, industrialised economies and to strengthen programmes to eradicate poverty, underdevelopment and economic vulnerability in the world's less-developed countries.
- Enhanced South-South cooperation, as outlined in the New Africa–Asia Strategic Partnership, in the spirit of the 1955 Bandung Conference's programme for African-Asian solidarity and collaboration, to address global injustice, discrimination and marginalisation of developing countries.
- Climate change agreement advances development in the developing world without penalising economic progress.
- Regeneration of Africa through investment, financing and infrastructure (Shelton, 2012: 11-12).

During the 2010 meeting between President Zuma and President Jintao, South Africa and China sought support from each other. While Beijing wanted to secure its natural resource needs, engage in trade, and gain international support, Pretoria aimed to reduce economic vulnerability, attract investment from China, and strengthen its economy to expand its role regionally and internationally. Although these intentions may still exist, the actual on-the-ground actions may differ. For example, Chinese imports in the textile sector have harmed the local South African textile industry, which contradicts the investment and trade agreements intended to avoid such harm. This situation highlights that the relationship between these two countries is asymmetrical and not based on mutual needs.

According to the South African government, “both South Africa and China have agreed to jointly explore the converging points between the Belt and Road Initiative and national development of South Africa, to enhance policy coordination and pragmatic cooperation, promote win-win cooperation and mutual learning so as to realize peaceful development and common prosperity for both countries” (The South African Government, 2015).

In 2014, President Zuma paid another visit to China, where he and President Xi Jinping jointly adopted the Five to Ten Year Strategic Programme for Cooperation. President Xi Jinping reciprocated by attending the Forum for China-Africa Cooperation (FOCAC) summit in Johannesburg, held under the theme "Africa-China Progressive Together: Win-Win Cooperation for Common Development," on 4-5 December 2015. During the summit, the two leaders signed 26 agreements worth R94 billion in various sectors such as industrialization, trade, health, science, and infrastructure, including the construction of the Silk Road Economic Belt and Maritime Silk Road (The South African Government, 02.12.2015, <https://www.gov.za/speeches>). These agreements encompassed initiatives like the establishment of a new Chinese automobile manufacturing plant and the provision of significant funding to Transnet and Eskom (Business Day, 3 December 2015; Cape Argus, 4 December 2015). Notably, South Africa became the first African country to sign a cooperation agreement related to the Belt and Road Initiative, as they signed a Memorandum of Understanding on Jointly Building the Silk Road Economic Belt and the 21st Century Maritime Silk Road (The White Paper, 2021). According to the South African government, the agreement aimed to explore the alignment between the BRI and South Africa's national development:

“Both South Africa and China have agreed to jointly explore the converging points between the Belt and Road Initiative and national development of South Africa, to enhance policy coordination and pragmatic cooperation, promote win-win cooperation and mutual learning so as to realize peaceful development and common prosperity for both countries” (The South African Government, 02.12.2015, <https://www.gov.za/speeches>).

Chairing the China-South Africa bilateral meeting, President Xi asserted that their relationship had transformed into:

"a model of solidarity and cooperation between developing countries. Political trust between our countries is increasing, cooperation is deepening, people-to-people relations are flourishing, and cooperation in international relations is strengthening. SA-China relations are in the best shape ever" (Cape Argus, 3 December 2015: 2).

President Zuma expressed his contentment with the progress of bilateral cooperation between South Africa and China, highlighting the advancements in various sectors such as maritime cooperation, human resource development, infrastructure development, and financial cooperation. He specifically mentioned the satisfaction with the progress made in the establishment of Special Economic Zones (SEZs) and science parks (Cape Argus, 3 December 2015: 2). Zuma's reference to SEZs and the industrial parks can be seen as symbolic and tangible steps towards expanding trade and economic activities across South Africa.

South Africans employed the Chinese model to establish SEZs in the country, manifested by its delegation-level visit to examine SEZ models and their feasibility of replication to stimulate local industrial growth. The development of industries heavily relies on the skills of the workforce, the ability to innovate and adapt to the market, and the promotion of productivity improvements and entrepreneurship. Therefore, education, training, and skill development are crucial for sustainable industrial growth and economic prosperity. In that regard, China was determined to assist South Africa in developing its human capital (Cape Argus, 3 December 2015: 2).

South Africa encouraged the production of high-value-added products by providing investment opportunities to Chinese companies to reverse their much-criticised trade imbalance and also initiate industrialisation in the long term. This was possible if the Chinese government and companies took local South African economic actors on board and played a part in the investment inflow, as claimed by Garth Strachan, Deputy Director General Industrial Development Division at the Department of Trade and Industry in South Africa.

"We call on the Chinese government and Chinese private sector to collaborate and send more value-added oriented inward buying missions to South Africa. We believe this action will fast-track the industrialisation of our economy and contribute to successful long-term industrialisation and developmental plans. China has committed to encouraging its enterprises to increase investment in the manufacturing industry and promoting the creation of value-adding activities; explore cooperation in infrastructure projects roads, railways, ports, power generation and airports" (Cape Argus, 4 December 2015: 2).

Under President Cyril Ramaphosa, in office since 2018, Pretoria has continued prioritising its relations with China. As President Xi terminated the term limits of holding the Chinese presidency and got elected to office for the second term in 2018, President Ramaphosa welcomed the development and hoped their relationship would be further strengthened.

"South Africa is confident that the strong bilateral relations between our two countries built on a historical legacy of friendship and partnership will continue to grow in scope and status in the coming years" (Cape Argus, 19 March 2018: 4).

In a speech on Africa Day in May 2019, Lin Songtian, the Ambassador of China in Pretoria, asserted that South Africa was poised to climb the developmental ladder because of its rich resource base across sectors and skilled human resource.

"If China can achieve great success, why not South Africa? The environment is perfect, and there is a lot of lands. Anything is possible in this country if people are united and committed. Its location is crucial, as its embraced by two oceans and has the foundations and conditions for development" (Cape Argus, 21 May 2019: 9).

Speaking during the Africa Day Celebration event, Anil Sooklal, the Deputy Director General of the Department of International Relations, highlighted Beijing's massive infrastructure investments in Africa.

"The investment in infrastructure has been massive. By 2020, China would have built over 5000 km of roadway. By 2020 China would have built more than 150 000 km of rail line, and 20 %

of that will be speed rail. The battle today is not about trade wars. This is a façade. It is about innovation and the fourth industrial revolution". (Cape Argus, 21 May 2019: 9).

The mutual perception between Beijing and Pretoria regarding their relationship is largely shaped by the economic power and stability of South Africa in Africa and China in Asia, underscoring the significance of their partnership. While South African policymakers aim to address the trade deficit with China, they also view it as an opportunity to attract Chinese investments in the country's manufacturing sector and align with its national development objectives, benefiting from China's African policy. However, the existing trade deficit in favour of China establishes an asymmetrical interdependence between the two nations. The subsequent sections of this chapter will delve deeper into the examination of this situation.

5.2.1. BRICS and its Impact on China-South Africa Relation in the BRI Context

The BRICS alliance has played a significant role in enhancing the interdependence between China and South Africa, as both countries are members of this influential economic grouping. The acronym "BRIC" was originally coined by Jim O'Neill, a British economist and Chairman of Goldman Sachs Asset Management, to refer to the emerging economies of Brazil, Russia, India, and China. O'Neill predicted that these economies, on their own and collectively, would experience substantial economic growth and become some of the world's largest economies by the year 2050.

Russia's President Vladimir Putin initiated the BRIC(S) establishment process as a multinational cooperation proposal in 2006 to promote cooperation and dialogue among member states pragmatically, transparently and openly. The bloc held its first summit in 2009 in Yekaterinburg (Russia). South Africa became the fifth bloc member in December 2010 to strengthen South-South Relations (Business Day, 28 December 2010: 1-2; The South African Government, 2022). This membership was reported on Business Day, which highlighted the positive impact it could have on the country's economy. For instance, the South African Rand currency strengthened by reaching a three-year high against the dollar (Business Day, 29 December 2010: 1). BRICS mandated itself to promote the interests of its member states and foster a peaceful and harmonious world characterized by shared prosperity. The alliance provides a platform for member countries to establish a common understanding of their approaches to the global financial and economic crisis, as well as to address the collective interests of emerging market economies and developing nations (Jordaan, 2021: 455-456). The BRICS member countries have committed to contributing to shared prosperity and a harmonious world. For example, during the 10th BRICS summit in Johannesburg in 2018, South Africa raised concerns about the elections in Mali and Zimbabwe. The members of the BRICS committee expressed worries about reports of electoral irregularities in these countries, the need to maintain peace, and the rule of law to combat the spread of terrorism in the region. The grouping also sought the international community's attention to take appropriate actions (Parliamentary Monitoring Group, 2018). However, what is noticeable is that the committee members did not take a clear stance on certain issues, such as the Ukraine war, which affected some of the committee members directly.

The BRICS countries, encompassing more than 3 billion people and spanning approximately %42 of the global population and %30 of the Earth's landmass, collectively contribute around %26 of the global GDP and %17 of world trade. Moreover, their combined foreign exchange reserves exceed \$4 trillion as of 2021. As a prominent bloc within the G-20, these economies are projected to surpass the Group of Seven (comprising the United States, Germany, Japan, United Kingdom, France, Italy and Canada) in terms of economic influence by 2032 (Gopaldas, 2022).

In the BRICS grouping, South Africa possesses a population exceeding 50 million and boasts a valued economy of \$527 billion. The country's per capita income, estimated at \$11,000 in terms of purchasing power parity (PPP), is comparable to its BRICS counterparts, with Russia at \$16,700 and Brazil at \$11,845 (Fifth BRICS Summit, 2013). In addition, South Africa, with its size of economy accounting for a third of the sub-Saharan economy, the national power and the nature of capital-state interaction for the fellow BRICS economies to access Africa's one billion consumer market as a gateway. The country has amassed significant influence in the sub-Saharan region through various channels, including trade, foreign direct investment, labour and human capital flows, and regional and international collaborations such as the Southern African Development Community (SADC), New Partnership for Africa's Development (NEPAD), and free trade agreements between South Africa and the European Union (EU) (Carmody, 2013: 47-48). Therefore, South Africa's membership in BRICS signifies its expanding international influence, particularly in the Southern African and broader African context.

As the BRIC (Brazil, Russia, India and China) grouping burgeoned, the South African government under ANC saw its engagements with these rapidly expanding and influential economies as mandatory to expand its role regionally and globally. President Jacob Zuma described the BRIC as “a very important grouping in a changing world today” (Cape Argus, 26 August 2010: 22). Consequently, Pretoria sought to increase trade and investment with this economic grouping of countries. The BRIC grouping's admission of South Africa as a member of their bloc was a recognition of Pretoria's regional power status and a gateway to Africa even though its economy, growth rate and population were much smaller compared to India, China, Russia and Brazil. While South Africa provided access to the Southern African market, BRICS, as a prestigious Southern economic bloc, accorded Pretoria much-needed prestige to consolidate its regional and international profile. While it is often stated that South Africa grants access to the African market, this assertion needs clarification in the context of the country's role within BRICS and its relationship with the African continent.

Additionally, as a major mineral exporter, South Africa recognized the importance of diversifying its export base by focusing on higher-value products to rejuvenate its economy, pursue a new growth trajectory through initiatives like the Industrial Policy Action Plan, and generate sustainable employment opportunities for its citizens. Joining the BRICS economic bloc presented an opportunity for South Africa to tap into the vast investment potential and market for its industrial goods. This influenced the decision of the Jacob Zuma-led government to seek admission into the bloc, as gaining access to these incentives necessitated prior cooperation commitments. For instance, Discovery Health of South Africa and Chinese health

insurer Ping An signed a joint venture; Standard Bank signed a %20 joint venture with the Industrial and Commercial Bank of China; First Rand Group opened a subsidiary in Mumbai (First Rand India), and a South African company renovated Mumbai International Airport; Standard Bank and Ashanti Gold operated in Brazil; and the Russian market was an essential outlet for Capespan fruit (Naidu, 2013: 192).

According to Yong (2012), Chinese officials acknowledged the significant role that South Africa could play within the BRICS framework in terms of strengthening South-South cooperation and advancing North-South cooperation. South Africa had the potential to become Africa's representative voice within the BRICS bloc, given the shared interests in trade and the economy. Additionally, South Africa could lead investment initiatives on behalf of the BRICS countries throughout the continent, contributing to the improvement of African economies. Simultaneously, BRICS countries could actively participate in Africa's development through South Africa, supporting peace initiatives of the African Union and helping to resolve local crises. For example, within the BRICS ambit, South Africa proposed the grouping to strengthen the role of the UN in preventing conflicts in Africa, which translated into the bloc's support of the UNSC resolution 2033, which includes cooperation between UN and AU (Yong, 2012: 6-14).³³

South Africa hosted the 2013 BRICS summit, marking the first time the event was held in an African country. The summit took place in Durban and was attended by Chinese President Xi Jinping and other leaders of the BRICS countries. Interestingly, the summit coincided with the 15th anniversary of China-South Africa relations. Over time, the bilateral relationship between China and South Africa progressed from a "partnership" to a "strategic partnership" and eventually a "comprehensive strategic partnership." It is worth noting that China is not the only country that utilizes such terms to further its national interests, as prioritizing partnership networks is a significant aspect of its foreign policy strategy. China's Ambassador in Pretoria, Tian Xuejun, credited South Africa for playing a pivotal role in ensuring Africa's unity by limiting conflicts and aiding integration through its interventions. South Africa is also a significant regional trading partner and investor that links the African economy to global markets due to its geostrategic position and economic and technical development (Cape Argus, 26 March 2013: 18). In terms of people-to-people contacts, South Africa has emerged as a major tourist destination for Chinese travellers and boasts of a significant number of Confucius institutes.

Addressing the BRICS summit, President Jacob Zuma asserted that this economic bloc was a serious intervention to boost south-south cooperation, claiming that their intra- and bilateral trade has grown exponentially since its establishment (Cape Argus, 26 March 2013: 16). These proclamations indicated that Pretoria attached a high value to its BRICS membership and

³³ Russia and China have a greater capacity to influence the agenda of United Nations peacekeeping operations, such as Mali and the Democratic Republic of Congo (Russia and China), South Sudan, Sudan and Somalia (China), and Burundi (Russia). India is the leading troops' contributor in Mo-zambique, Somalia, Rwanda, Angola, Sierra Leone, Congo, Sudan and South Sudan, and both Brazil and South Africa participate actively in peacekeeping operations in the Democratic Republic of Congo, Liberia, South Sudan, Western Sahara and the Democratic Republic of the Congo, Burundi, Ethiopia-Eritrea, Sudan, respectively (Lijn, Briscoe, Drent, Homan, Putten and Zandee, 2015: 31).

remained highly anticipative of burgeoning commerce and collaboration with the fellow bloc economies, not just at the intra-bloc or bilateral level but with the African continent as a whole, particularly interventions in strengthening Africa's infrastructure base.

For example, in 2013, the total trade between South Africa and BRICS countries was valued at R294 billion, which was 11 per cent higher than the 2011 figure of R264 billion (Cape Argus, 26 March 2013: 18). By 2021, the trade had increased to R702 billion, rising from R487 billion in 2017. As such, President Ramaphosa acknowledged that:

"over 17 percent of South Africa's exports were destined for other BRICS countries, while over 29 percent of our total imports came from these countries. Therefore, these countries are significant trading partners, and the value of this trade continues to grow" (From the Desk of the President, 2022).

South Africa hosted its second BRICS summit, the 10th overall, in Johannesburg from 22 to 27 July 2018. Prior to the summit, the country also held the business council meeting on 22-23 July 2018, with the theme "BRICS in Africa: Collaboration for Inclusive Growth and Shared Prosperity in the 4th Industrial Revolution". Prominent South African participants, such as Iqbal Surve, chairperson of the South African chapter of the council, emphasized the investment opportunities within BRICS and argued that the bloc should take the lead in growing the technology sector, which would drive advancements and contribute to service and technology-driven economies. Sihle Zikalala, a member of the Executive Council (MEC) in KwaZulu Natal, expressed the view that BRICS provided hope for economic recovery as the international community slowly emerged from the financial crisis. Zikalala stressed that "the world is experiencing a slow recovery from the financial crisis, and BRICS is a proper platform for engagement on how to grow economy and ensure investment" (Cape Argus, 4 July 2018: 12). Siyabonga Gama, a member of the BRICS Business Council, called for collaborative efforts within the economic bloc to develop infrastructure, foster innovation, and address investor concerns. Gama argued that such collaboration would attract private investment, enhance economic productivity, create job opportunities, and reduce barriers to market entry (Cape Argus, 12 July 2018: 14). These viewpoints reflect the perceptions of South Africa towards the BRICS bloc.

The BRICS established the New Development Bank (NDB), formally known as the BRICS Development Bank, on 15 July 2014. The primary objective of the NDB is to finance infrastructure and sustainable development projects in partner countries, as well as other emerging and underdeveloped economies, with the aim of achieving robust, sustainable, and balanced growth. In line with the bloc's green energy initiative, the NDB provided a loan of \$180 million to the South African Eskom parastatal in 2016. This funding was designated for power lines capable of transmitting 670 megawatts of energy and transforming 500 megawatts of renewable energy generation (Bloomberg, 18 April 2016). In 2019, Eskom received a further \$412 million (R6 billion) to fund a battery project to reduce CO₂ emissions from burning fossil fuels while meeting the high demand for electricity in rural areas with renewable energy. Among other projects of prominence funded by the NDB included the Lesotho High Ground Water Project, Eskom's Medupi thermal power plant (US\$480 million for its environmental protection) and the Industrial Development Corporation (IDC) (\$80 million or R1.15 billion to

build renewable and sustainable energy projects and reduce its carbon footprint). Similarly, NDB granted about \$220 million (R 3.2 billion) to the Trans-Caledon Tunnel Authority (TCTA) to implement the second phase of the Lesotho Highland Water Project, which is a construction of water transport to provide water to Northwest, Gauteng and Mpumalanga and Free States (Maphaka, 2020: 10-11). In addition, according to President Ramaphosa, "The New Development Bank has already provided South Africa with \$5.4 billion, or approximately R86 billion, to enhance service delivery in critical areas" (From the Desk of the President, 2022).

Many experts have pointed out that South Africa's involvement with the BRICS benefits its economy, providing investment and trade opportunities and revitalising developmentally laggard regions of the country. For instance, Liam Lee, chairperson of the China-Africa Correspondent Club, argued that more than 100 Clothing plants in Newcastle, KwaZulu Natal, received Chinese investments, transforming it into a textile town despite the presence of an iron industry. Some Chinese firms have made investments in industrial parks located in the Port Elizabeth region, thereby making a positive contribution to South Africa's industrial sector and overall economic rejuvenation. In 2016, Beijing Auto and the South African Industrial Development Corporation started their production in South Africa for the local and regional markets. These substantial investments in Port Elizabeth by Beijing Auto, Hisense in Cape Town, and ZMPC in Durban give South Africans economic alternatives while giving Beijing free trade and investment (Cape Argus, 25 July 2018: 9). China's investments in South Africa through BRICS have a significant impact on the country, including technological transfers, job opportunities, and increased trade. However, they also made Pretoria sensitive to Beijing's investments, which were %19 of the total FDI of South Africa and products, increasing the degree of interdependence. As a result, China becomes less vulnerable to South Africa and can determine the rules of the game in a country in need of large investments.

The establishment of the BRICS provided a platform for addressing economic challenges, while concurrently, China introduced its Belt and Road Initiative (BRI) under President Xi Jinping's leadership. This prompts us to consider how the BRICS nations perceived the BRI project and whether it influenced their policies towards Africa and China, specifically Ethiopia and South Africa. Additionally, we need to examine the implications of these perceptions and policy changes for Ethiopia and South Africa that affect the diversification of their power sources and the reduction of their vulnerability to China.

Within the BRICS context, while India and China represent Asian powers, their acrimonious relations have often brought cooperation and competition. Even though the China-India economic relations have grown stronger, their border tensions and Beijing's close cooperation with Pakistan (China-Pakistan Economic Corridor), which has inhibited New Delhi's access to Afghanistan and Central Asia, have influenced India's perceptions of the BRI having a geopolitical impact to its detriment. As a result of India's perceptions, New Delhi has maintained that these initiatives should adhere to universally recognized international norms, good governance, and principles such as openness, transparency, and equality. It is noteworthy that China is India's largest trading partner, with their bilateral trade amounting to \$80 billion in the 2017-2018 period, with the trade balance favouring China (Sachdeva, 2018: 291).

India has expanded its investment activities and increased bilateral trade with African countries. For example, India-Africa bilateral trade increased to \$89.5 billion against China-Africa's \$254 billion in 2021-22. India's exports majorly constitute refined petroleum and pharmaceuticals, while its imports include crude oil, gold, coal and other minerals. Concomitantly, New Delhi has made strategic investments in Africa's agriculture, pharmaceuticals, and information and communication technologies. For example, India owns 70 per cent of Ethiopia's agricultural land open to foreigners. As an agroindustry investment, it has acquired 800,000 hectares of land in Ethiopia's Gambella province. In contrast, China gained access to the African market and resources, particularly Ethiopia, by building bridges, roads, factories and power stations as part of this modern incarnation of the Silk Road (Carmody, 2013: 74-76; Degife, Mauser, 2017: 185; Majumdar, 2022). India even urged caution about the infrastructure projects being undertaken by the Chinese companies in Africa.

Russia, the other important BRICS member, has also ensured broad-based relations with African countries, distinguishing it as an area of great power contestation and revival, a source of diplomatic support in the UN and the international arena, direct investment and export destinations. During the Cold War, Africa became a proxy battleground between the superpowers and their allies, including China (Carmody, 2013: 95-97). As a BRICS member, Russia seeks a multipolar world and stands against a single country's dominance in the globalisation era. Therefore, Russia sought to expand its power and influence within the G8 by helping African countries that supported its communist ideology with military weaponry and technical assistance. In particular, the armaments were sent to Angola, Algeria, the Democratic Republic of Congo (DRC), Ethiopia, Namibia, Mozambique, Morocco and South Africa. During the Soviet era, whereas Russia made efforts to clear African nations' \$20 billion debt to portray its major power status, it lagged behind China's engagements and assistance, as noted by Carmody in 2013 (Carmody, 2013: 98-108).

In addition, Africa-Russia relations also encompass the energy sector, wherein the Kremlin is a global leader. Russia has signed several energy agreements with African countries to review and retrace the alliance base of its predecessor political union, the Soviet Union (USSR). This is manifested through its various deals and agreements, such as the gas exploration deal with Algeria's Gazprom, the mining deal with Angola's Alrosa, and the investment agreements of Russia's private companies of Renova group, Norilsk Nickel and Evraz in South Africa's mining and steel production sectors respectively. Notably, there has been a close association between the ANC's investment company, Chancellor House and Renova group. This type of engagement can be seen as interdependence. One of the main characteristics of interdependence relations is multiple channels. In the interdependence theory, transnational corporations and banks can impact intergovernmental and domestic relations. The relationship between businesses and governments varies widely across different societies. These entities play a crucial role in advancing their interests and facilitating the exchange of ideas and policies between governments of different countries. They act as intermediaries that help to establish a more interconnected relationship between nations, making them more sensitive to one another (Keohane, Nye, 2012: 20-21). In the case of South Africa, this situation of making the rules in favour of a political party and its associates increases South Africa's sensitivity to this kind of corporation and the possibility of corruption, favouritism, malfeasance, and fraud.

Despite the geopolitical competition between China and Russia to safeguard their interests and exert influence in Africa while respecting the sovereignty of African nations, some regional countries have expressed reservations about the intrusion of major powers in the continent. Nevertheless, both the Kremlin and Beijing have employed a strategic approach of cultivating relationships with authoritarian regimes in the region through financial aid and arms sales to enhance their influence. As a result, state-owned and private companies from Russia and China have actively increased their investment endeavours and trade relations with African countries. For instance, Russian corporations like Gazprom in the energy sector, Norilsk Nickel in the mining and metallurgical sector, Sintez in petrochemicals, pharmaceuticals, and real estate sectors, and Rusal in the aluminium industry sector have established operations in various African countries such as Algeria, South Africa, Botswana, Namibia, and Nigeria. In terms of trade, Russia has exported commodities such as wheat, arms, fuels, ores, and metals to countries like Ethiopia, Algeria, and Egypt, with respective export values of 54 million, 1.361 million, and 640 million between 2010 and 2011 (Carmody, 2013:98-108).

Russia's contemplation of reclaiming its major power status pushed it to pursue and expand its base of allies, including through BRICS investments, which it uses to secure African mineral resources such as uranium, platinum and diamond. Herein, energy and arms exports emerged as two prominent economic sectors for Russia to exploit to attract other countries. However, unlike China, Russia faces limitations in terms of its production of low-cost products, which has hindered its efforts to strengthen and expand its relations with African countries and regain the advantages it enjoyed during the Soviet era (Carmody, 2013: 98-108). While it can be argued that Russia may initially benefit from China's infrastructure investments in Africa as part of the Belt and Road Initiative (BRI), there is a significant risk of conflicting interests in the long run. As China solidifies its position as the dominant major power partner in the region and leverages it to exploit Africa's natural resources, the previously interdependent relationship may shift, potentially tilting the balance in favour of Beijing in the long term.

Another BRICS actor of prominence is Brazil, which considers BRI positively as it provides more trade and investment opportunities beyond political ideology. Resultantly, it has followed an active policy in its relations with BRI and BRICS countries (Gabriel, Pires, Carvalho, 2018: 29-30). Similar to other BRICS countries, Brazil, with its longstanding historical connections to Africa, also possesses economic and geopolitical interests in the region's natural resources and market. Starting in 2002, under President Luiz Inácio Lula da Silva, the Brazilian government pursued a foreign policy approach that prioritized cooperation through multilateralism, regional integration, and south-south cooperation. Brazil perceived the multipolar world order as a panacea to reduce its poverty levels and increase its influence while diversifying its international relations to reduce Western dependence. It increased investments to strengthen the historical ties while contributing to UN peacekeeping interventions across African countries. Brazil's manufacturing has consolidated Africa as its prominent export market, whereas with South Africa, it has engaged in military training, technology transfer through ATLASUR, and high-tech submarine sales (Carmody, 2013: 109-120). Vale, a dominant Brazilian natural resource company, has made significant investments in Africa, particularly in South Africa, through joint ventures such as the Teal-Copper Company in 2009 valued at \$65 million (Barka and Mlambo, 2011:6). Similarly, South African companies have

operated in Brazil across various sectors, including mining, media, banking, and finance. Some examples include AngloGold Ashanti, Naspers, FirstRand Bank, Aspen Holdings, Grindrod, and Standard Bank Group (Asuelime, 2018: 136).

This evidences that the BRICS countries stand to benefit from China's BRI interventions in Africa. On the one hand, despite their neighbourhood border issues, Indian interests in Africa do not conflict with China, as the two continue consolidating and expanding their areas of influence. At the same time, Russia's unwillingness to offend China against the Western bloc and to lose power in Africa may prevent Russia from having a conflict of interest with Beijing. All these permutations lead to the conclusion that China's BRI investments and interventions to expand Africa's connectivity and significant investments from Russia, India and Brazil into the continent augur well for the continent as it stands to gain from this attention in the economic sphere. In addition, these investments provide an alternative for Africa to Chinese economic dominance and reduce the vulnerability of African countries to China. However, it does not eliminate the fact that it is possible for Africa in general and South Africa, in particular, to find themselves in asymmetrical interdependence, turning into dependence relations due to their exports of minerals in exchange for imports of finished goods. Its impact on the socio-political sphere is still an area for investigation and exploration.

5.3. Drivers of Relations between China and South Africa (post-Apartheid and present)

This section examines the impact of China's investments, trade, infrastructure projects, loans, and development aid on South Africa within the framework of asymmetrical interdependence. It assesses the benefits and drawbacks of these factors in shaping the interdependent relationship between the two countries during the period from 1994 to 2019, with a specific focus on the Belt and Road Initiative (BRI).

5.3.1. Foreign Direct Investment of China to South Africa

Countries can acquire capital through various means, such as foreign aid, loans, portfolio investments (known as hot money), or foreign investments. Foreign aid and loans often have heavy obligations, while hot money provides only short-term and temporary capital. In contrast, foreign investments offer opportunities such as physical resources, production technology, managerial knowledge, marketing channels, and long-term capital, making them a more attractive option for developing countries. In this context, China is a major foreign investor in South Africa (Blomkvist and Drogendijk, 2013: 660). For Beijing, South Africa is one of its largest African trade partners with strong state organizations, which have played a crucial role in Foreign Direct Investments in Africa. There is an understanding in China that its international affairs vision should address the concerns of its major partners, including South Africa, as they strive for a fair and well-founded global economic and political system (Yong, 2012: 5).

After the Apartheid Regime structure was dismantled and a new democratic government under Nelson Mandela took over in 1994, the new political dispensation encouraged and sought Foreign Direct Investment (FDI), duly reciprocated by the international community with international firms making investment commitments (Mosia, 2012: 1). It also included China which made significant investments in the South African economy ever since. Its widespread

engagements during the study period of 1994-2019, like in other African countries, have occasionally invited much public scrutiny and therefore begets questions as to what benefits its investments in South Africa achieved and whether these were mutually beneficial to the two or were exploitative with one country profiting at other's expense.

South Africa aimed to attract major foreign investors to establish their operations in the country by offering incentives such as tax exemptions. However, internal instability hindered this goal despite the country's strong business and financial sectors. South Africa faced challenges in attracting new businesses, providing social welfare, and reducing inequality (Games, 2012:1-3). In fact, to address these issues, in South Africa, two crucial national development strategies were the Reconstruction and Development Programme (RDP) and Growth, Employment, and Redistribution (GEAR). The African National Congress (ANC) launched the RDP after the 1994 elections to address the socio-economic challenges inherited from the apartheid era. The plan focused on job creation, housing, healthcare, education, and infrastructure development, aiming to reduce poverty and inequality and enhance South Africans' overall quality of life (Adelzadeh, 1996: 66; Moyo, Mamobolo, 2014: 947-948).

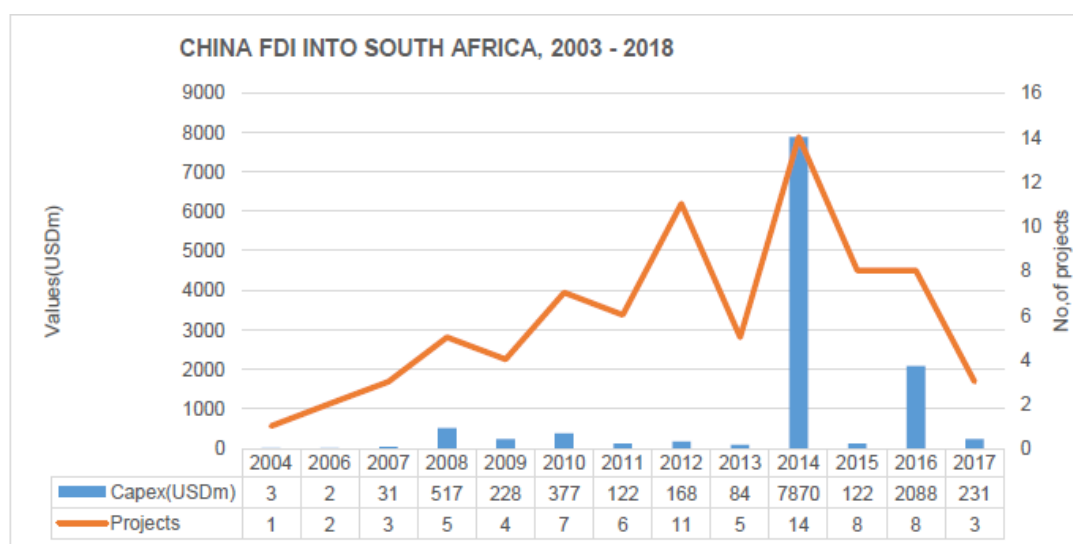
GEAR, on the other hand, was introduced in 1996 under President Nelson Mandela's leadership as an economic policy framework that aimed to achieve macroeconomic stability and promote economic growth. It emphasised fiscal discipline, trade liberalisation, privatisation of state-owned enterprises, and attracting foreign investment to create jobs and reduce poverty. However, the policy was criticised for not addressing social inequality (Moyo, Mamobolo, 2014: 953).

The South African Government also adopted Black Economic Empowerment (BEE) as a strategy to address the imbalances caused by apartheid and promote economic equality. The Black Economic Empowerment policy has aimed to promote the economic participation of Black South Africans. It has comprised multiple elements, including enterprise ownership and control, preferential procurement, skills training, and employment equity. The policy encouraged companies to play a role in economically empowering disadvantaged individuals and communities (Ponte, Roberts, Sittert, 2007: 933-934).

In addition, the South African government launched the National Development Plan (NDP) in 2012, which outlined strategies to eradicate poverty, reduce inequality, and achieve economic development by 2030. However, it can be argued that the NDP's implementation fell short of expectations, with limited progress achieved in these areas. As part of the NDP, the Industrial Development Action Plan (IPAP) and the New Growth Path (NGP) were introduced as macroeconomic policies to promote industrialization and economic growth. The establishment of Special Economic Zones (SEZs) was a key component of this strategy, aiming to attract targeted domestic and foreign investments and technology to foster national economic growth and exports (Government Gazette, 19 May 2014: 10). As a result, eight SEZs were established, including Coega Industrial Development Zone (IDZ), East London IDZ, Richards Bay IDZ, OR Tambo IDZ, Saldanha Bay IDZ, Maluti-a-Phofung SEZ, Dube Tradeport, and Free State SEZ (IOL Business report, 2017).

China tried to take control of free-trade ambitions by establishing regional offices of its China-Africa Development Fund, like in Johannesburg. Also, even as Chinese firms directly carried out their relations with African countries through Beijing, it could not overlook South Africa's position as a gateway to the continent because the financial market is more developed in South Africa with a strong banking system, a well-established stock exchange, and a diverse range of financial products and services, promoting investor confidence and transparency in the country (Games, 2012:1-3). As highlighted in the preceding sections, Pretoria granted Market Economy Status to China in 2004. Following this, Pretoria, as a Southern African Customs Union member, initiated discussions over free trade agreements with Beijing under the WTO regime, not only between these two countries but also between China and SADC, to increase trade. The two sides also agreed to strengthen bilateral economic and trade cooperation in 2006. Between 2003 and 2018, around 77 Chinese FDI projects with total capital expenditures of \$11.84 bn were registered in South Africa, representing an average project investment of \$153.80 million while creating over 25,229 jobs (Wesgro, 2019).

Figure 5.1. China FDI into South Africa, 2003-2018



Source: Tourism, Trade and Investment Promotion Agency for Western Cape (Wesgro), Cape Town, 2022.

In terms of Chinese FDI across South Africa's sectors, based on the projects it executed, the electronic sector received 17% of all FDI projects, followed by the metals (minerals) and automotive industries, respectively (Wesgro, 2019). China's investments in South African mines have certainly had a significant impact on their relations. While the investments have strengthened the asymmetrical interdependence relationship between the two countries by increasing Beijing's sensitivity towards the provision of South Africa's natural resources, they have also reduced China's vulnerability to South Africa by solidifying China's position that can determine the game's rule on mineral resources in the global market.

Moreover, with the introduction of the 5G technology, Chinese companies emerged as the most prominent international companies leading its infrastructure building, with Huawei and ZTE at the forefront in South Africa, like elsewhere. Between 2003 and 2018, Huawei Technologies executed most projects, followed by Hisense and Powerway Renewable Energy, respectively.

Regarding Capital Expenditures (Capex) of the Chinese investment companies, BAIC International topped with \$794.80 million, Zhejiang Gonow Automobile with \$126.30 million, and Baotou Bei Ben Heavy-Duty Truck with \$112.90 million, as tabulated below.

Figure 5.2. Top 10 Companies from China Investing into South Africa, 2003-2018

Top 10 Companies from China Investing into South Africa, 2003-2018				
Rank	Company	Sectors	Projects	Capes (USD M)
1	Huawei Technologies	Telecommunications Equipments	8	99.90
2	Hisense	Electronics	5	113.90
3	Powerway Renewable Energy	Renewable Energy	4	7.10
4	Suntech Power Holdings	Renewable Energy	2	13.20
5	Zhejiang Gonow Automobile	Automobile	2	126.30
6	ASA Metals	Metals	1	76.80
7	BAIC International	Automotive OEM	1	794.80
8	Bank of Communications	Financial services	1	9.50
9	Baotou Bei Ben Heavy-Duty Truck	Automotive OEM	1	112.90
10	Being Automobile Works (BMW)	Automotive OEM	1	22.20
TOTAL			77	11842.10

Source: Wesgro, Cape Town, 2022.

It is clear that China's technological investments in South Africa have raised apprehensions regarding the country's dependence on Chinese technology. This has led to concerns about South Africa's vulnerability to China's technological advancements and the potential establishment of a technological dependency on China. South Africa should be cautious and attentive to this situation, taking measures to avoid excessive reliance on any single country for their technological requirements. Monitoring and diversifying technological partnerships will be crucial for South Africa to maintain autonomy and mitigate potential risks.

Aside from the above investments, as part of China's strategy to enhance its market presence and strengthen economic ties with African nations, a notable investment in South Africa was the acquisition of a 20% stake in Standard Bank by the Industrial and Commercial Bank of China (ICBC) in October 2007. Standard Bank, one of the country's four largest banks, operates in commercial banking, wholesale and investment banking, insurance, and wealth management. Valued at \$5.63 billion, this acquisition marked one of the largest overseas investments made by a Chinese company. By February 2008, the deal was finalized, with ICBC becoming the largest shareholder of Standard Bank after injecting capital into the institution. In March 2008, the two banks further solidified their partnership by signing a strategic cooperation agreement, aiming to foster long-term mutually beneficial collaboration and contribute to South Africa's economic development (The Foreign Ministry of China, 2010).

Another noteworthy investment involved South Africa's Investec Bank Limited and the China Export-Import Bank, which entered into a Strategic Cooperation Agreement. The agreement aimed to expand and enhance economic cooperation, stimulate industrial growth, and promote bilateral trade through export, project finance, and the internationalization of the Chinese Yuan

Renminbi (CNY) in trade, energy, and infrastructure projects. These efforts aligned with the economic and industrial development objectives of both the Chinese and South African governments (The South African Government, “Government signs 26 agreements worth R94 billion with China”, 2015). The internationalization of the Chinese Yuan Renminbi holds significance as it seeks to establish the currency as an alternative for international trade alongside the US dollar. As countries become more dependent on the dollar, their sensitivity to fluctuations in the US economy also increases. Countries like China, Russia, Brazil, India, and South Africa are exploring alternative solutions to avoid this risk. These efforts include reducing the use of dollars in trade and using national currencies in foreign trade, which helps to distribute risk. The more exchange rate risk can be dispersed, the less economic damage and dependence on the USA will occur. This situation will strengthen the hand of China and Russia and increase competition between the USA and China and Russia. While China's ultimate aim may be to replace the dollar, this remains a topic of debate.

The signing of the Comprehensive Strategic Partnership Agreement in 2010 marked a significant milestone in the strengthening of trade relations between China and South Africa. Following this agreement, Chinese investments in South Africa experienced significant growth, positioning the country as a primary investment destination for Chinese companies in Africa. As of 2021, Chinese investments in various regions of South Africa, including Durban, Newcastle, and Mandeni, amounted to \$25 billion, leading to the creation of over 400,000 local job opportunities (The Chinese Embassy in South Africa, 2022; Consulate General of the People's Republic of China in Durban, 2022).

South Africa and China solidified their economic relationship by signing multiple investment deals, including a memorandum of understanding (MOU) worth \$14.7 billion (R195.5bn) during the 10th BRICS summit in Johannesburg in July 2018. These agreements involved both government agencies and private sector companies such as Transnet, Eskom, Naspers, and Standard Bank. For example, Eskom secured a \$2.5 billion term facility arrangement with the China Development Bank (CDB) to improve its financial position, while ICBC provided Transnet with an R4 billion loan. President Xi Jinping expressed China's readiness to invest in various sectors including “infrastructure, the ocean economy, green economy, science and technology, agriculture, environment as well as finance.” However, President Cyril Ramaphosa acknowledged that while bilateral trade figures had been growing steadily in recent years, they had not yet reached their full potential (Cape Argus, 25 July 2018: 7).

During the 7th FOCAC Summit in Beijing, President Ramaphosa attended an agreement signing ceremony for the construction of a 4,600-megawatt coal power plant in Limpopo between the Chinese state-owned company Power China and the South African Government. However, the project was eventually cancelled due to environmental concerns such as toxic waste and high carbon emissions. This example illustrates that South Africa and China faced political discord due to the conflict of their strategic interests. However, South Africa was able to use its power in bargaining over addressing environmental concerns regarding the Chinese project in Limpopo. Since South Africa has an industrial capacity and economic diversity, making it less vulnerable to China and enabling South Africa to negotiate with China, the project was cancelled, and alternative proposals for solar projects have been considered by the

Chinese consortium and the South African government. As a result, South Africa's capability has allowed it to maintain a symmetrical relationship with China and prevented China from exerting pressure on South Africa.

On the one hand, in another example regarding significant investment development, South Africa's Limpopo Economic Development Agency (Leda) signed multiple MOUs and agreements with nine Chinese companies, with a total investment value of over \$10 billion (R145 billion) for the Musina-Makhado Special Economic Zone. This special economic zone includes plans for a 300,000-tonne ferrosilicon plant, a 450,000-tonne silica-manganese plant, and a one million-tonne ferromanganese facility (Alden, Wu, 2021: 52). It is important to note that while South Africa is quite rich in raw materials and has a diverse economy, it struggles with production plants and global market competitiveness. This makes South Africa particularly sensitive to investment opportunities from China, given its lack of technology, high labour costs, and unstable social and political environment. In addition, South Africa is vulnerable to China's influence if it cannot attract alternative investors besides China. These asymmetrical interdependence relationships tend to turn into dependence relations between the two countries.

China's other major investment was establishing the Hisense factory in Cape Town. It has strengthened their burgeoning economic relations and contributed to South Africa's economy by creating 3000 job opportunities for local people while also serving as a centre for skill empowerment of the locals (Cape Argus, 17 May 2018: 6). By providing skills empowerment, particularly in assembly line skills, Chinese companies could hire a substantial percentage of local workers, surpassing %78. In addition, the rate of South African managers in Chinese companies was %23 in 2017 (Black and Yang, 2021: 173). These figures demonstrate that Chinese investments and employment have helped reduce unemployment and provide technological progress. However, Beijing's use of Chinese knowledge, machinery, and tools also creates a disadvantageous dependency on China in the long term, reflecting the asymmetrical interdependence relations between the two states.

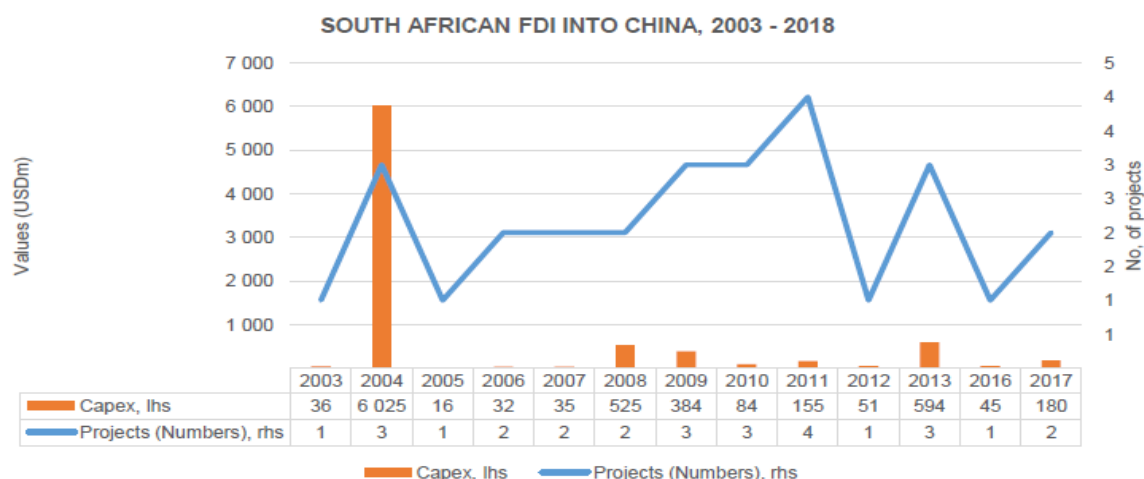
In addition to the manufacturing sector, Chinese companies have also invested in African agriculture, establishing agriculture centres, dispatching Chinese experts for training, and acquiring land for cultivation. Glenn Silverman, a Chief Investment Officer of Investment Solutions, argues that given China's entrenchment, its effect on the South African economy could not be undervalued. For instance, Hein Koegelenberg of Leopard's Leap and Perfect China launched Perfect Wines in Yangzhou in 2011, a joint venture company in South Africa's agricultural and wine sectors. Alan Winde, Economic Development and Tourism MEC in South Africa asserted that, in 2013, Perfect Wines of South Africa, along with its Chinese partner Perfect China, contributed to an increase in Western Cape wine exports to the east, including Malaysia, Thailand, Singapore, and Vietnam (Cape Argus, 5 September 2013: 23). With this investment, China became a primary market for South African wines as this commodity is a symbol of social status and luxury in this Asian country, with Chinese people embracing it as a "healthy drink" and consuming it daily (Ma, 2021). The sale of South African wines to Asian countries such as Malaysia, Thailand, Singapore, and Vietnam through China has had a positive impact on Pretoria's economy. However, it has also made South Africa

vulnerable to China's decisions as the distributor of these wines in Asia. This can become a problem if China decides to refuse to market the wines or creates a dependency on itself as the broker for wines in Asia.

In addition, in the mineral sector, as Beijing announced building a Strategic Mineral Reserve to stockpile uranium, aluminium, iron ore, copper, and other minerals to reduce market vulnerabilities and ensure resource supply security in 2006, Pretoria attracted prominence as China's significant supplier of critical minerals like cobalt, manganese, iron ore, and chromium. South Africa's mining consequently attracted Chinese investment attention, though with moderate but favourable growth, as it endured competition from other actors. As an example, in the energy sector, Sinopec and PetroSA entered into a cooperation agreement in 2013 to construct Project Mthombo, the largest crude oil refinery in Africa, located in Port Elizabeth. The objective of this project was to ensure South Africa's energy security. Additionally, the agreement aimed to foster collaboration in oil and gas exploration in South Africa's downstream sector, as well as the development and acquisition of storage and logistics facilities for local production and regional consumption. Benny Mokaba, the Chairman of PetroSA, highlighted that the deal would enhance their strategic relationship and contribute to PetroSA's sustainability and growth programs. Fu Chengyu, the Chairman of Sinopec, emphasized that South Africa was their preferred investment destination due to its political stability and economic development. Sinopec expressed its commitment to supporting local economic and social development in South Africa (Cape Argus, 27 March 2013: 41). This agreement addressed the energy security needs of South Africa while providing China with an opportunity to expand its investment presence in the country and Africa as a whole. Chinese financing, expertise, tools, machinery, and project management skills were utilized, leading to an increased interdependence between the two countries.

In 2014, Chinese steel company Baosteel made a significant investment of \$1 billion in the Aquila mine in Australia. This investment in the mining sector is an example of Chinese involvement in South Africa's mining industry. Other notable Chinese companies that have participated in South Africa's mining sector include Sinosteel, Zijin Mining, Minmetals, Jinquan Iron & Steel (Jisco), and PMG (Report on China in Africa, 2009). These investments in South African natural resources can be seen as driven by China's self-interest, as the country requires these resources to sustain its economic growth. However, Beijing recognizes the importance of cooperation with Pretoria in order to achieve its objectives. There is an interconnected relationship between self-interest and cooperation in these interdependent relations. China's sensitivity to South Africa's resources demonstrates the need for cooperation to ensure the successful and sustainable extraction of these resources. Similarly, South Africa needs foreign direct investments to increase trade, reduce unemployment, and alleviate poverty, so it is sensitive to China's investments. However, with these investments, Beijing may maintain control of the prices of materials, which could eventually make South Africa more vulnerable to China.

Figure 5.3. South African FDI into China, 2003-2018



Source: Wesgro, Cape Town, 2022.

At the same time, South African companies also made significant investments in China. Around 28 FDI projects across multiple sectors were executed by its companies, with a total capital expenditure of \$8.16 billion and an average expenditure of \$291.50 million per project while also creating 9,542 jobs. China's consumer products sector emerged as the largest recipient of South Africa's FDI, accounting for %18, followed by the non-renewable energy sector, such as coal, oil, natural gas (%14) and the industrial machinery, equipment, and tools sector (%14). In terms of capital expenditures (Capex), the energy sector received an FDI equivalent of %79, the warehousing and storage sector received %4, and the semiconductors sector also received %4 (Wesgro, 2019).

In terms of South African investments in China, Sasol's renewable energy sector investments, for instance, amounted to an average of \$6.0 billion, with De Beers Diamond Jewellers at a distant second at \$255 million and Element Six in third position at \$27million, as highlighted in the table below (Wesgro, 2019).

Figure 5.4. Top 10 South African Companies Investing in China, 2003-2018

Top 10 South African Companies Investing in China, 2003-2018				
Rank	Company	Sectors	Projects	Capex (\$ Million)
1	Sasol	Chemicals	7	6654
2	De beers Diamond Jewellers	Consumer Products	5	255
3	Element Six	Minerals	2	27
4	Irdeto	Software& IT services	2	60
5	SRK Consulting	Environmental Consultants	2	18
6	Altech Group	Communications	1	36
7	Aspen Pharmacare Holdings	Pharmaceuticals	1	45
8	Imperial Logistics International	Warehousing	1	62
9	Iscar	Industrial Machinery, Equipment &Tools	1	25
10	Labat Africa	Semiconductors	1	328
Total			25	8161

Source: Wesgro, Cape Town, 2022.

The investments of South African companies in China have led to a rise in trade volume between the two countries. These investments have facilitated a better understanding and familiarity between South Africa and China. Additionally, the returns generated from these investments in China are often repatriated back to South Africa, further contributing to the economic relationship between the two nations.

The analysis presented above demonstrates the significant investments made by Beijing in various sectors of South Africa, including manufacturing, mining, infrastructure, and agriculture. These investments involve using Chinese capital, knowledge, tools, equipment, and project management expertise, highlighting the asymmetrical interdependence relationship between the two countries and increasing South Africa's sensitivity and vulnerability to China. While South Africa benefits from these investments through reduced unemployment, poverty alleviation, technological progress, and increased trade with China and other nations, there are potential long-term consequences to consider. For instance, China's powerful manufacturing capabilities pose a threat to South Africa's industrial growth and increase South Africa's sensitivity to China. Furthermore, not processing raw materials and creating beneficiation through a value chain predisposes South Africa's vulnerability. In that regard, investments in mining may lead to increased exploitation and reinforce dependency on China, potentially conflicting with South Africa's commitment to equality, fairness, justice, and dignity as enshrined in its constitution. These investments also indicate the significance of South Africa in China's broader African policy, with the Belt and Road Initiative playing a prominent role in shaping this relationship.

5.3.2. China's Infrastructure Projects in South Africa

The national development plans of Southern African countries have acknowledged the importance of infrastructure development as a key driver of economic growth and poverty reduction. The insufficient infrastructure in Africa has hindered the region's export potential. In response, China's infrastructure investments through the Belt and Road Initiative (BRI) have played a significant role in expanding economic activity in Africa and meeting the market demands. In that regard, The BRI encompasses an array of infrastructure projects spanning multiple sectors, such as transportation, energy, and communication. These projects involve the construction of power plants, ports, highways, railways, telecommunication networks and aviation facilities. The South African government, in line with its national strategy outlined in the National Development Plan (NDP), has approved 18 major infrastructure projects aimed at improving transportation and stimulating economic growth (Zhi, 2018: 37-46).

Chinese infrastructure projects have become a crucial source of investment for South Africa, as infrastructure building and modernization play a vital role in enhancing a country's economic competitiveness, facilitating local, regional, and international trade, and promoting its integration into the global economy. Notable examples of Chinese investments in infrastructure include the expansion of Durban's port facilities, the construction of the 4600 Megawatt Kusile coal-fired power plant, and the establishment of the Musina-Makhado Special Economic Zone in Limpopo (Carciotto, Chikohomero, 2022). However, it is important to note that most of these projects are problematic, not least the accusation of corruption and fraud.

Another example of foreign investment in South Africa is that in 2016, Yangtze Optics Africa Cable (YOAC), a Chinese company, announced its investment in the Dube Trade Port Industrial Development Zone in Durban. YOFC and Mustek Limited, a company listed on the Johannesburg Stock Exchange, jointly invested R150 million to establish and operate a cutting-edge optical fibre cable production factory in South Africa. Trade and Industry Minister Rob Davies emphasized the significance of this investment by stating:

"The YOAC investment further signifies that South Africa remains an attractive investment destination for hi-tech, advanced manufacturing sectors and reinforces our collaboration on a bilateral level with China." (property24, 2016).

In addition, China's foreign investment in South Africa can be seen in the selection of private partners for Transnet's R100 billion upgrade of the crucial Durban port. The shortlist includes significant port and logistics companies from Europe, China, Saudi Arabia, and the UAE, as well as local firms like Grindrod and Remgro, owned by Johann Rupert (News24, 2022). In the interdependence context, this illustrates that South Africa is less vulnerable to China due to its strong banking system and a wide range of alternative options.

Similarly, the Kusile Civil Works joint venture, consisting of South African construction companies Stefanutti Stocks, Group 5, Basil Read, and Wilson Bayly Holmes (WBHO) Construction, was awarded the primary civil works contract worth R2.9 billion (\$213 million) in 2008 for the construction of the 4600 Megawatt Kusile coal-fired power plant (Power Technology, 2021). However, the project has faced several challenges, such as corruption, allegations of economic sabotage, and fraudulent activities.

Chinese companies have also been actively involved in South Africa's infrastructure development across various sectors (Zhi, 2018: 35). As part of the efforts to enhance transportation connectivity, the China Road and Bridge Corporation (CRBC) constructed the Maputo-Catembe Bridge, a 3-kilometer-long suspension bridge between Mozambique and South Africa. Financed by a \$785 million loan from China Exim Bank obtained by Mozambique, the bridge has significantly reduced travel distances around Maputo harbour, providing a game-changing transportation route (Alden, Wu, 2021: 51-52). These transnational infrastructure projects enable China to actively participate in the region, advancing its Belt and Road Initiative (BRI) and fostering deeper economic integration, particularly within the South African economy.

China's Construction Bank partnered with the Industrial Development Corporation of South Africa Limited (IDC) to prioritize South Africa's infrastructure projects. The collaboration focuses on providing merchant, wholesale, and investment banking products and services to corporate communities in Sub-Saharan Africa and South Africa (Schiere, Rugamba, 2011: 17). Investments from Chinese financial institutions have supported various local and regional projects with broader implications. Regional African organizations have provided a framework for initiatives involving power production, interconnections, highways, ports, trains, and ICT networks. One such example is China's involvement in joint infrastructure programs, like the North-South Corridor, which aims to support the Tripartite Arrangement established between COMESA, SADC, and EAC to establish a free trade area in East and Southern Africa (Schiere, Rugamba, 2011: 18).

For instance, China's Longyuan Power, through its South African subsidiary Longyuan SA, partnered with Mulilo Group companies to install 163 wind turbines in the De Aar wind power project. With an investment value of \$31,440, the project has been operational and generates 644,000MWh of electricity, providing renewable energy for approximately 85,000 households annually. This initiative offsets 620,000 tons of carbon dioxide (CO₂) emissions. The wind turbines used in the project were provided by Guodian United Power Technology Co Ltd of China, a manufacturer of wind turbine generators, electric generators, and other related products (Global Times, 2021). It is worth noting that this project has contributed to reducing power shortages in South Africa, although it remains a relatively small solution to the country's overall electricity needs. However, the utilization of Chinese technology and knowledge in the wind farm, as well as the sourcing of materials from China, may increase South Africa's sensitivity to China and highlight the asymmetrical interdependence in their relationship.

Further, the two countries also signed a Project Management Cooperation Agreement in 2015 for CAP1400, enabling Beijing and Pretoria to increase bilateral collaboration in the nuclear energy sector (The South African Government, 2015). Even though power shortages have hampered South Africa's economic development, the plan to expand nuclear energy production has been criticised by critics due to environmental concerns and fears that the cost will damage the economy. Hence, the project has not been implemented yet.

Under the framework of the Belt and Road Initiative (BRI), various infrastructure projects have been implemented to enhance the satellite systems of African countries. As an illustration, in 2015, China and South Africa entered into an agreement to implement the CBERS-04 Satellite

Ground System in South Africa. The South Africa National Space Agency (SANSA) was responsible for the installation, integration, and training of the system (The South African Government, 2015, <https://www.gov.za/speeches>). This initiative not only contributes to the advancement of South Africa's satellite system but also impacts the country's communication capabilities in the realms of press and broadcasting, both within Africa and globally. In exchange, through investments in high-tech cooperation, China has enhanced its soft power and expanded its sphere of influence in South Africa.

Investment cooperation between China and South Africa has also extended to the media sector, which plays a crucial role in shaping public perceptions of China's regional interventions. As part of this, Beijing acquired a %20 stake in Independent Media, a prominent South African media enterprise, through its China International Television Corporation (CITVC) and China-Africa Development Fund (CADFUND). Notably, Iqbal Surve, the director of the media group, was appointed to lead the Belt and Road Africa Fund, which had a budget of \$1 billion in 2019, and became the first consul of the Belt and Road News Network, a global media initiative aimed at promoting the Belt and Road Initiative (BRI). The focus of this Africa-oriented fund was on China-South Africa partnerships in investments, particularly in technological infrastructure and e-commerce (Wu, Staden, 2021: 144-145). China's media investments in Africa, including South Africa, allow it to exert soft power effectively and strengthen political ties with the ruling elites of the African National Congress. While these investments demonstrate Africa's potential to benefit from China's revitalized Silk Road initiative, they also highlight a potential challenge in maintaining a sustainable and mutually beneficial interdependent relationship. This is because the current pattern of dependency, where only a select group of ruling elites benefits from China's initiatives, may not lead to the fulfilment of shared interests between independent nations and the African people as a whole. Additionally, when the elites control the media, the truth can be easily manipulated or withheld.

The above exposition evidences how China uses South Africa to expand its footprint in Africa through its broad-based interventions across banking, infrastructure, construction, and media, among others, augmenting South Africa's developmental requirements. While the Chinese companies acquired a large number of contracts to exploit South Africa's natural resources and expand their business footprints, the African country saw its infrastructure deficiencies fulfilled across multiple sectors, apart from integrating and driving regional economies by expanding the transborder connectivity network. In this context, it is worth noting that South Africa is less vulnerable to China in terms of proposing infrastructure projects and finding alternative resources.

5.3.3. Chinese Loans to South Africa

This section aims to analyze the impact and advantages of loans provided by Chinese financial institutions to various African countries. It specifically focuses on the South African economy, exploring whether any unequal dynamics favoured one side in terms of these financial advancements during the study period from 1994 to 2019.

The China Development Bank (CDB) and the Export-Import Bank of China play a significant role as primary lenders to African governments and state-owned enterprises (SOEs) for

infrastructure ventures, including highways, railways, dams, and industrial facilities executed by Chinese companies. From 2000 to 2019, these Chinese financial institutions entered into 1,141 credit agreements, amounting to a total of \$153 billion in Africa (Mandon, Woldemichael, 2022: 4). These have resulted in imports of associated equipment and apparatus, large trade imbalances and the slow payback of interest and occasionally principal loans. This has attracted diverse reactions, with one group asserting that these loans have made African countries dependent on China, while others insist that these have immensely contributed to Africa's development. The thesis shows that the situation is much more complex than a simple win-or-lose scenario. For example, some countries like South Africa and Egypt have benefited from cooperating with Beijing, whereas others like Congo have become more dependent on aid. Further, in certain cases, such as Angola and South Africa, these partnerships have put the countries in positions from which it is difficult to extract themselves. At the same time, some countries like Ethiopia have benefited and lost by increasing dependency on China's loans and technology.

In South Africa, China has primarily provided financial assistance to sectors such as energy, mining, and infrastructure development, while in Ethiopia, the focus has been on manufacturing, infrastructure, and energy sectors. For instance, in 2006, South African ferrochrome manufacturer Samancor Chrome entered into negotiated production and financing agreements with China Development Bank (CDB) and Sinosteel, a state-owned steel and metals dealer. These agreements formed a strategic alliance with CDB aimed at increasing ferrochrome production in South Africa and expanding exports to the Chinese market (China.Aiddata.org, 2006, <https://china.aiddata.org/projects/16295/>). Additionally, in May 2009, the Bank of China contributed \$55 million to a \$311 million syndicated loan provided to GFI Mining South Africa and its partners. The loan was intended for working capital purposes and to facilitate repayment of other loans to a separate lending entity (China.Aiddata.org, 2009, <https://china.aiddata.org/projects/72514/>).

In 2015, South Africa's state power utility, ESKOM, entered into a \$500 million loan agreement with the China Development Bank (CDB) to support its infrastructure development projects, including the Medupi and Kusile coal power plants, Ingula hydropower plant, and the relocation of the Matla mine shaft. These projects have faced corruption allegations and are currently being investigated by the Judicial Commission of Inquiry into Allegations of State Capture, known as the Zondo Commission. The repayment period for the loan was three years, while the interest rates remain undisclosed (China.Aiddata.org, 2015, <https://china.aiddata.org/projects/52560/>). In 2017, the CDB extended an additional \$1.5 billion loan to ESKOM for the Medupi Power Plant, with a 15-year repayment schedule and a five-year drawdown period (China.Aiddata.org, 2017, <https://china.aiddata.org/projects/58385/>). Another agreement involved ESKOM securing a \$2 billion (R25 billion) credit arrangement with Huarong Energy Africa (HEA), a subsidiary of China Huarong Asset Management Co. Ltd., in October 2017, to support the improvement of South Africa's power infrastructure (China.Aiddata.org, 2017, <https://china.aiddata.org/projects/58419/>). However, the details of this arrangement have been kept confidential due to ESKOM's substantial debt of \$30 million (Pere, 2021: 94).

South Africa has been facing various economic and operational challenges for years, including the ongoing issue of "load shedding", which has caused significant disruptions to the country's

power supply since 2007. Despite China's loan facilities for infrastructure development, South Africa is worse off now than in 2015. In this regard, Callocot (2019) argued:

Since South Africa did not fall on the BRI route, it is plausible that if South Africa's loans were used for infrastructure related to the extraction of resources crucial to the Chinese economy, such as coal this will increase the likelihood of any debt renegotiations being to South Africa's detriment (Callocot, 2019).

In 2015, during the FOCAC summit meeting in Johannesburg, China and South Africa signed 26 agreements, including the Framework Agreement of Cooperation between Sinosure (China Export & Credit Insurance Corporation) and Transnet (South Africa's state-owned freight and logistics company). Under this agreement, Sinosure provided insurance support of \$2.5 billion to Transnet for financing activities related to equipment and services from Chinese enterprises, projects contracted by Chinese firms in South Africa, and maintenance and operation services (The South African Government, 02.12.2015, <https://www.gov.za/speeches>). Additionally, Transnet signed a five-year credit agreement worth \$5 billion with the China Development Bank (CDB) during the fifth BRICS Durban summit in 2015. This loan aimed to support the development of port infrastructure and railway restoration. The agreement also included non-financial collaboration on local equipment manufacturing and cooperation on infrastructure development initiatives (China.Aiddata.org, 2015, <https://china.aiddata.org/projects/30531/>). It is important to recognize the significance of ports as indicators of a country's economic development. The number and capacity of ports are crucial factors that reflect a nation's power and competitiveness. Investing in port infrastructure is a strategic move for the economic development of South Africa's port cities. The debt that China has provided South Africa for developing its port infrastructure has positive and negative impacts. Although investing in port infrastructure with Chinese debt facilitates South Africa's exports to China and other countries and the importation of necessary goods, the debt has increased its sensitivity, reflecting the significant responsiveness of South Africa's economic conditions to China.

Moreover, as another negative consequence, South Africa's vulnerability to China, which determines the game's rules, has increased because the opening of these ports has given China a greater influence in the region, having the ability to transport China's goods to other countries in the Southern African Development Community (SADC). Consequently, China's activities in South African ports contribute to its long-term goals and the realisation of the Belt and Road Initiative (BRI). Considering that China benefits much more than South Africa does, this situation further strengthens the asymmetrical interdependent relationship, turning into the dependent relations between South Africa and China.

In January 2011, Telkom SA Limited (Telkom) secured a seven-year syndicated loan of \$127 million from a group of international financial institutions, including the Bank of China (BOC), China Development Bank (CDB), and China Construction Bank, with insurance coverage provided by Sinosure. The purpose of this credit facility was to acquire telecommunications equipment from Huawei and fund capital expenditures for the expansion of Telkom's 8TA mobile network. The network was upgraded from 2G and 3G to 4G (LTE) to enhance coverage and connectivity, and new call centres and IT systems were established in Cape Town and Durban (China.Aiddata.org, 2011, <https://china.aiddata.org/projects/59391/>). Notably, while

China provided financial support for the refurbishment of South Africa's telecommunications infrastructure, Chinese companies, particularly Huawei, were awarded logistics supply contracts, reflecting the interdependent nature of their relationship (Alden, Wu, 2021: 51). However, it is important to acknowledge that although these loans facilitate technological transfer from China to South Africa, they may contribute to South Africa's long-term dependency on Chinese knowledge and technology.

In 2018, Transnet secured a long-term loan of \$296 million from the Industrial and Commercial Bank of China (ICBC) and Naspers Ltd (Alden, Wu, 2021: 51). Additionally, in March 2016, Transnet entered into a \$19 million agreement for a 15-year cross-currency interest rate swap with the China Development Bank (CDB) (China.Aiddata.org, 2016, <https://china.aiddata.org/projects/60095/>).

In August 2010, the China Development Bank (CDB) provided a credit line of 240 million Euros to Cell C Limited, a South African mobile operator. The purpose of the loan was to support the company's debt restructuring and refinance some of its senior secured notes denominated in euros. Although the loan agreement was signed in 2010, it reached maturity in 2018, and Cell C defaulted on the loan in 2020 (China.Aiddata.org, 2010, <https://china.aiddata.org/projects/2480/>). Additionally, in 2013, Cell C Limited received another capital expenditure loan of \$360 million from CDB to acquire, enhance, and maintain physical assets such as equipment, technology, real estate, buildings, and an industrial plant (China.Aiddata.org, 2013, <https://china.aiddata.org/projects/58631/>). In 2015, Cell C Limited obtained a credit loan worth \$131 million from CDB and ZTE for the expansion and upgrade of its LTE network and the supply of RAN equipment (China.Aiddata.org, 2015, <https://china.aiddata.org/projects/58626/>). These loans indicate China's growing presence in the South African cell phone business.

In June 2003, China Construction Bank (CCB) provided a loan of \$26 million to the South African Reserve Bank as part of a \$1 billion credit facility offered by a consortium of banks (China.Aiddata.org, 2003, <https://china.aiddata.org/projects/72470/>). In another instance, the Bank of China (BOC) extended a loan of approximately \$5.37 million (R154 million) to the Land Bank of South Africa in 2016 to improve the maturity profile of the bank's financing obligations (China.Aiddata.org, 2016, <https://china.aiddata.org/projects/87598/>). During the 7th BRICS Financial Forum in August 2017, the Standard Bank of South Africa and China Development Bank (CDB) signed a memorandum of understanding (MOU) for a \$1 billion loan. The loan aimed to enhance the financial capabilities of small and medium-sized businesses in Africa and support the economic and social growth of the continent (China.Aiddata.org, 2017, <https://china.aiddata.org/projects/58685/>).

While Beijing's loan approach is much more commercial, its lending triggered an increase in Chinese debt to South Africa (Acker, Brautigam, 2021: 4). However, the Chinese debts to Pretoria were not substantial and accounted 2.3% of Beijing's advances to sub-Saharan Africa from 2000 to 2017 (Stevens, 2021: 126). Given these debts, South Africa emphasized to China to assist African states in enhancing industrial capacity cooperation, particularly the beneficiation and value addition of goods at the source, at the 2015 FOCAC summit (Pere, 2021: 92). As Chinese lending to South Africa witnessed an upward trend in 2017, its existing debts caused concern over interest rates and repayments, with critical forces such as the

opposition bloc of DA accusing China of implementing “debt trap diplomacy” in their country and the region while asking their government to reveal the specifics of these loan agreements. President Cyril Ramaphosa reassured South Africans that his government availed loans in the country’s national interest and insisted Beijing was not pursuing any imperialist agenda in their country. The president emphasized that his government availed “internationally competitive” loans and that “no collateral was pledged against it” (Alden, Wu, 2021: 53). In the classical sense, China's agenda is not imperialist, in which a country seeks to conquer or control territories. Rather, its approach is much more subtle. China aims to control or ensure access to resources without taking over governments. As a result, it is indifferent to Beijing which political party controls power in African countries or the nature of governments, whether democratic or authoritarian. Party-to-party or government-to-government relations of China with South Africa show the interdependence of multiple channel characteristics to conduct good relations. Concomitantly, the economic or financial outcomes of the credit/debt agreements ensure little room to manoeuvre against their legal obligations. It means, if taken to the logical conclusion, without any political intervention, that the Chinese banks will, by virtue of the debt, own the companies, private or parastatal. It will be a debt trap possibility.

Despite concerns about China's debt trap policy, the analysis above demonstrates that China's financial assistance primarily aims to address South Africa's developmental gaps by improving critical infrastructure, particularly in the electricity and telecommunications sectors, which have hindered foreign investment. While providing these credit lines, China ensures that Chinese companies are awarded contracts and that Chinese experts oversee project management. China also sees these infrastructure projects as part of its Belt and Road Initiative (BRI) commitments, such as the development of the Durban port and the high-speed train between Johannesburg and Durban, which aim to strengthen China's position in South Africa and the broader region. Consequently, if South Africa is unable to secure funding from other sources or find new partners for the development of its manufacturing, mining resources, roads, ports, railways, or IT, it becomes reliant on China, putting it in a position of vulnerability. However, if the African country can access alternative sources of funding, it could potentially level the playing field. This confirms that the relationship between the two countries is characterised by an asymmetrical interdependence.

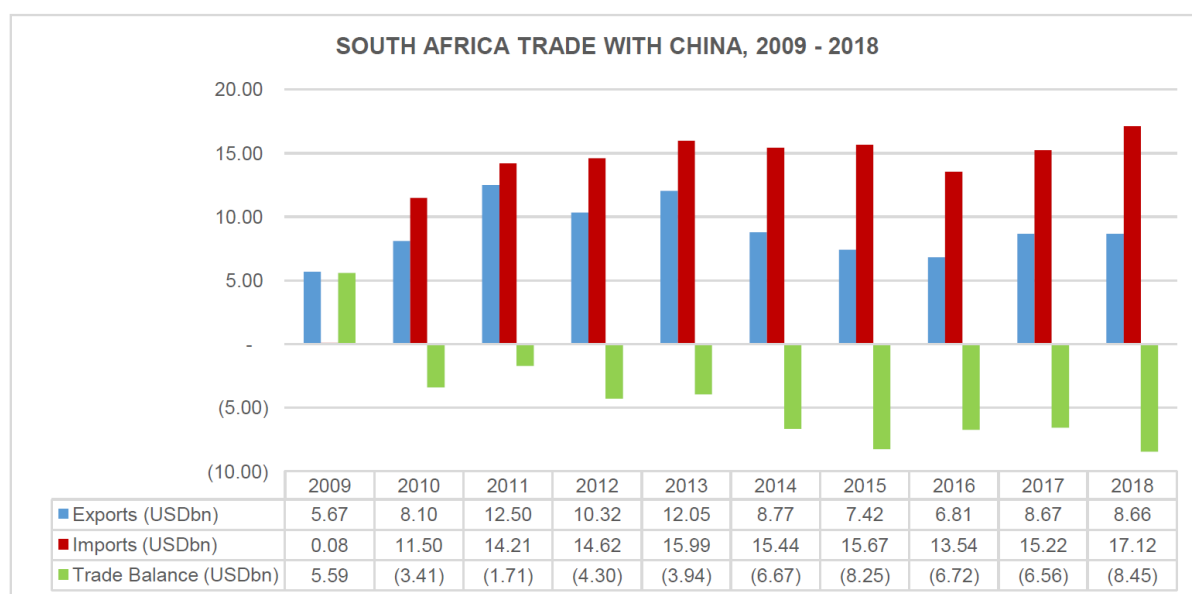
5.3.4. Trade Relations between South Africa and China

China's economic engagement with African nations has had a significant influence on the regional economies. Its trade interactions with South Africa hold a prominent position within Africa's overall trade landscape, comprising approximately 20% of the continent's total trade volume. This is primarily due to South Africa's status as the most vibrant economy in the region, with a GDP surpassing the combined GDP of other sub-Saharan countries (Lafargue, Hall, 2005: 3).

Following its accession to the World Trade Organization (WTO) in 2001, China experienced a significant surge in bilateral trade with South Africa. Over the span of ten years, China's exports to South Africa witnessed a remarkable rise, escalating from under \$1.1 billion in 2001 to over \$14.2 billion in 2011. Similarly, imports from China surged from under \$500 million to over \$12.4 billion during the same period. Consequently, Beijing emerged as the primary

trading partner for South Africa, both in terms of exports and imports. South Africa's exports mainly comprised processed natural resources, while imports primarily consisted of consumer goods and capital products. Despite the burgeoning commerce, Edwards and Jenkins (2014: 3-11) claim that this has failed to translate into jobs for locals and instead appeared to affect the South African domestic job landscape negatively, as replacing domestic production with Chinese imports left nearly 78,000 people jobless during the 2001-2011 period. The impact on employment in the manufacturing industry is more significant as production declines are concentrated in labour-intensive industries, and increased imports have increased labour productivity. They further claim that Beijing's increased import penetration has resulted in reduced South African manufacturing output and employment.

Figure 5.5. South Africa Trade with China, 2009-2018



Source: Wesgro, Cape Town, 2022

The available data indicates that the bilateral trade between South Africa and China experienced fluctuations from 2011 to 2019, particularly regarding South Africa's imports from Beijing. In 2011, the recorded imports amounted to \$14.21 billion, which increased to \$15.67 billion in 2015 and further rose to \$16.8 billion in 2019. On the other hand, South Africa's exports to China were valued at \$12.5 billion in 2011. However, there was a significant decline in 2016, with exports dropping to \$6.81 billion. This decline can be attributed to political instability in South Africa, including corruption allegations against President Jacob Zuma, as well as overall economic sluggishness. Nevertheless, the export figures rebounded and reached \$16.8 billion in 2019 (Africa Trade Statistics Yearbook, 2017: 122-123; Wesgro, 2019: 14). It can also be shown in the table above.

Figure 5.6. Top 10 Destination Countries for China's Exports, 2018

Top 10 Destination Countries for China's Exports, 2018			
Rank	Country	Value 2018	% Growth (avg; USD terms) 2014-2018
1	United States of America	479.70	4.91%
2	Hong Kong, China	302.96	-5.17%
3	Japan	147.24	-0.59%
4	Korea, Republic of	109.03	3.31%
5	Vietnam	84.02	9.72%
6	Germany	77.91	2.64%
7	India	76.88	8.70%
8	Netherlands	73.12	3.41%
9	United Kingdom	56.99	2.05%
10	Singapore	49.82	1.24%
31	South Africa	15.87	-1.41%
Total Exports		2.494.23	2.17%

Source: Wesgro, Cape Town, 2022.

In terms of key trade export markets, South Africa was the thirty-first largest consumer of Chinese products in 2018, importing products worth over \$15.6 billion. In the same year, South Africa emerged as a significant import source for China, importing products worth over \$27.24 billion.

Figure 5.7. Top 10 Source Markets for China's Imports, 2018

Top 10 Source Markets for China's Imports, 2018			
Rank	Country	Value 2018 (USD bn)	%Growth (avg.; USD terms) 2014-2018
1	Korea, Republic of	204.57	2.73%
2	Japan	180.040	2.54%
3	Taipei, Chinese	177.35	2.88%
4	United States of America	156.00	0.69%
5	Germany	106.26	3.09%
6	Australia	105.08	3.00%
7	Brazil	77.14	8.78%
8	Vietnam	64.09	31.01%
9	Malaysia	63.32	1.51%
12	South Africa	27.24	2457.00%
Total Import		1988.66	3.0193%

Source: Wesgro, Cape Town, 2022.

In 2018, South Africa's export catalogue to China was very limited and has been dominated by mineral resources. It includes Gold, Iron Ore, Manganese Ore and Chromium Ore with their

respective individual shares of %39.8 (\$6.68 Billion), %15 (\$2.52 Billion), %12.2 (\$2.05 Billion) and %5.84 (\$978 Million). Other prominent exports included platinum, ferroalloys, copper (raw and refined), crude petroleum, along with citrus, nuts, etc. Due to Beijing's stringent import regulations, which include compliance with laws such as the Food Safety Law and Compulsory Certification, South Africa's export options to China have been limited. Beijing has banned certain products that it considers detrimental to its political, economic, cultural, and moral interests, as well as items such as disease-carrying animals and plants, lethal poisons, illicit drugs, and goods originating from disease-stricken areas. Additionally, products such as old/used garments, local currency (RMB), counterfeit currencies, and counterfeit negotiable securities are also prohibited (Wesgro, 2019). From 1995 to 2020, South Africa's exports to China witnessed an annualized growth rate of %14.4, increasing from \$408 million in 1995 to \$11.9 billion in 2020 (OEC, 2020). Notably, %85 of South Africa's exports to China are primarily composed of mineral resources, which significantly influences China's reliance on South Africa in this regard. This relationship demonstrates an asymmetrical interdependence, with China heavily depending on South Africa's resources.

On the other hand, South Africa's import list is very diverse and prominently comprises Broadcasting Equipment (%9.84 valuing \$1.68 Billion), Computers (%4.8 valuing \$821 Million), office machine parts (%2.19 valuing \$374 Million), video displays (%1.67 valuing \$286 Million), and telephones (%1.4 valuing \$238 Million). Others include clothing, fabric, air conditioners, and vehicles. Some products whose share has increased in recent years include electric instantaneous or storage water heaters, telephone sets, and vehicle accessories (Wesgro, 2019). Between 1995 and 2020, China's exports to South Africa experienced an annualized growth rate of %13.4, rising from \$640 million in 1995 to \$14.7 billion in 2020 (Wesgro, 2019). These figures highlight the significant focus of China's exports to South Africa on technological devices.

Consequently, South Africa has become increasingly reliant on China's knowledge and technology. However, this reliance also exposes South Africa to potential risks of dependency on China. In the event of a severance in their relations, South Africa may face greater challenges compared to China. This is because China places high importance on South Africa's mineral resources and banking systems, while Beijing has various alternative options to seek new partners that can fulfil its needs and mitigate its vulnerability to South Africa. Additionally, China has the potential to determine the rules in these sectors, further expanding its options. It is crucial for South Africa to evaluate and diversify its trade and investor options to avoid overreliance on China and much more vulnerability to a single country.

While China's interventions in African countries have generally had a positive impact, they have also faced criticism from certain academics, policymakers, and political elites. An example of this criticism can be seen at the 5th Ministerial Forum on China-Africa Cooperation, which took place in Beijing in July 2012. During the forum, South African President Jacob Zuma pointed out that trade relations between China and Africa had become imbalanced, with a bias in favour of Chinese traders and investors. He justified trade reform to use African resources more diversely and beneficially for African people. According to Zuma:

“As we all agree, this trade pattern is unsustainable in the long term. Africa's past economic experience with Europe dictates a need to be cautious when entering into partnerships with other economies. We certainly are convinced that China's intention is different to that of Europe, which to date continues to attempt to influence African countries for their sole benefit” (Zhao, 2012: 358; Tsegay, 2013).

As noted above, the trade relations between China and South Africa exhibited an asymmetrical nature from 2010 to 2018 but transitioned to a more balanced state in 2019 and 2021. In interdependent relationships, trade plays a significant role in promoting peace. However, an imbalance in trade benefits can have implications for state-to-state relations, potentially resulting in conflicts, disagreements, and the implementation of measures like sanctions. For example, South Africa's export to China, its most prominent market, mainly in mineral resources, coupled with Beijing's strong export and manufacturing capacity, threaten South Africa's industrial development and foreign trade. Therefore, instead of negotiating, South Africa imposed 33 anti-dumping actions against China between 1994 and 2018 (Jiang, 2021: 72). It is essential to note that after imposing sanctions on China, South Africa's exports to China steadily and significantly increased, reaching \$16.8 billion. Interestingly, China's exports to South Africa were also \$16.8 billion in 2019. This shows that South Africa may be able to determine the rules of the game by reducing its sensitivity and availability to China.

5.3.5. China's Aid to South Africa

China officially offers eight categories of foreign aid, encompassing “complete projects, goods and materials, technical cooperation, human resource development cooperation, medical assistance, emergency humanitarian aid, volunteer programs, and debt relief” (Yun Sun 2014). In Africa, including South Africa, China has employed its aid policy as a strategic approach to establish its presence and mitigate any negative sentiment towards its developmental interventions. It positions itself as a benevolent partner rather than an imperial power. This policy spans various sectors such as agriculture, energy, education, communications, transportation, and health. Chinese scholars estimate that nearly 900 aid projects have been provided to African countries, including support for “textile factories, hydropower stations, stadiums, hospitals, and schools” (Yun Sun, 2014). This section analyzes the benefits and accomplishments of China's aid policy in South Africa from 1994 to 2019 and inquires whether it fostered mutual progress or came at the expense of one party.

In the field of education, the Chinese Embassy has implemented various initiatives to promote the Chinese language in South Africa and has supported the establishment of language learning centres. Additionally, generous scholarships have been provided to South African students for studying in Chinese educational institutions. China also made financial contributions to the South African education sector in 2006, offering a grant of approximately \$2.5 million for training programs at the China-South Africa Agricultural Technology Demonstration Center (China.Aiddata.org, 2006, <https://china.aiddata.org/projects/16553/>). Furthermore, in January 2009, the Chinese Consulate General in Johannesburg donated ZAR 15,000 and 300 backpacks to Realogile High School (China.Aiddata.org, 2009, <https://china.aiddata.org/projects/59902/>). In April 2017, the Department of Science and Technology in South Africa and the Chinese Ministry of Science and Technology signed a memorandum of understanding (MOU) to

establish the China-South Africa Joint Research Center for Mineral Resources. This centre aims to enhance academic collaboration between the two countries in mining, mineral processing, and environmental protection. The centre was officially inaugurated on September 14, 2018, at Mintek in Randburg (China.Aiddata.org, 2018, <https://china.aiddata.org/projects/59043/>).

In April 2010, the Chinese Embassy in South Africa donated English-language books about Chinese culture and literature to the Library and Information Association of South Africa, including old folk stories and works by renowned Chinese writers (China.Aiddata.org, 2010, <https://china.aiddata.org/projects/59167/>). On International Children's Day in June 2015, the embassy, with support from over thirty Chinese companies operating in South Africa, provided stationery, paper, books, food packages, footwear, blankets, and clothing worth over R300,000 to Emdeni Secondary School in Soweto, Johannesburg (China.Aiddata.org, 2015, <https://china.aiddata.org/projects/52239/>). In July 2016, the embassy donated books and audio-visual resources showcasing Chinese history and culture to the Brooklyn Library, as well as books to the Mossel Bay City Library, the Kara Heritage Institute, and the Bitolo Kangchangte Library (China.Aiddata.org, 2016, <https://china.aiddata.org/projects/53290/>). Additionally, in November 2016, the embassy provided 15 laptops, tables, chairs, blankets, and school bags to Marhulana Primary School in Tembisa, South Africa (China.Aiddata.org, <https://china.aiddata.org/projects/60253/>). In March 2017, it distributed over 2,000 Chinese language textbooks and smart boards to 10 local primary and secondary schools teaching Chinese in Pretoria (China.Aiddata.org, 2017, <https://china.aiddata.org/projects/60262/>). Since 2015, the Chinese government has been sending Mandarin instructors to South Africa to train local teachers (China.Aiddata.org, 2015, <https://china.aiddata.org/projects/52516/>).

China has placed significant importance on training and empowering South Africa's human resources, including initiatives to teach Mandarin in the country. For instance, as part of the Accelerated and Shared Growth Initiative for South Africa and Joint Initiative on Priority Skills Acquisition, approximately 200 South African artisans received training at the Tshwane University of Technology in May 2007 (China.Aiddata.org, 2007, <https://china.aiddata.org/projects/16463/>). In 2013, as part of the Forum on China-Africa Cooperation, 102 South African professionals from various sectors were trained in China, with a particular focus on textile and apparel and special economic zones (China.Aiddata.org, 2013, <https://china.aiddata.org/projects/59939/>). Additionally, in September 2013, during the South African Commodities Fair in Shanghai, the two countries signed a five-year agreement for China to provide textile technology training to the Department of Trade and Industry of South Africa, resulting in 30 South African trainees receiving professional development training at Minjiang College in Fujian province (China.Aiddata.org, 2013, <https://china.aiddata.org/projects/59580/>). In 2013, China also awarded 200 scholarships to South African students (China.Aiddata.org, 2013, <https://china.aiddata.org/projects/30559/>). Furthermore, in 2015, South Africa's Nuclear Energy Corporation (NESCA) and China's State Nuclear Power Technology Corporation (SNPTC) signed an MOU to provide training to South African nuclear specialists on nuclear power plant construction in China (China.Aiddata.org, 2015, <https://china.aiddata.org/projects/52857/>). However, despite these efforts, some sections

of society remain sceptical of China's motives, perceiving imperialist motivations in their country and the broader region.

In Durban, the National Astronomical Observatory of China and the Astrophysics and Cosmology Research Unit of the University of KwaZulu-Natal jointly established the China-South Africa Computational Astrophysics Research Center in November 2016. The centre aimed to foster practical collaboration in the field of central and southern astronomy (China.Aiddata.org, 2016, <https://china.aiddata.org/projects/59145/>). Additionally, in 2013, the Chinese Ministry of Commerce provided the South African government with a grant of RMB 23 million (approximately \$2.3 million) for the China-South Africa Agricultural Technology Demonstration Center Technical Cooperation Project. This initiative aimed to provide technical support for the China-South Africa Agricultural Technology Demonstration Center, which was established by China's Ministry of Commerce and located at the Gariep Dam in the Free State Province. The grant facilitated the acquisition of necessary equipment and instruments, supported a team of management and technical specialists, and facilitated the establishment of a training area for office personnel in collaboration with South Africa (China.Aiddata.org, 2013, <https://china.aiddata.org/projects/31189/>; 2013, <https://china.aiddata.org/projects/73262/>).

The infrastructure sector of South Africa also received several projects as a donation from the Chinese government. For instance, Beijing pledged water supply materials to South Africa for the execution of the Free Basic Water Policy in March 2000, which was executed in October 2002 with the logistics transfer to the Department of Water Affairs and Forestry on October 8, 2002 (China.Aiddata.org, 2002, <https://china.aiddata.org/projects/31191/>). With these broad-based developmental interventions in South Africa, China has tried to keep the Chinese perspective positive by highlighting its interests in bettering the socio-economic aspects of South African life.

As a result, due to insufficient data sharing in China, it is unclear if the educational, training, and skills projects mentioned above are continuing. These projects could, hence, be low-level soft power initiatives without substantial “aid” or “real” investment, clear goals or objectives in the educational sector. Nonetheless, China's efforts to establish research centres in South Africa and offer Chinese language training to various government agencies and institutions within the Gauteng Province, including the Department of Science and Technology, the Department of Trade and Industry, the Department of International Relations and Cooperation, the National Department of Tourism, the South African Police Service, and the Department of Basic Education, have the potential to enhance its soft power in South Africa. Through these initiatives, China aims to deepen its influence by exposing South Africans to Chinese culture, values, knowledge, and technology, thereby fostering positive perceptions and support among the local population.

5.4. Conclusion

This chapter has attempted to demonstrate how China and South Africa maintained mutual economic and political relations under the BRI. It has examined the achievements of China's investment, infrastructure, aid and lending in the South African economy from 1994 to 2019

and the response of South African authorities to Beijing's widespread involvement in the country's economy. It has attempted to explain China's preference for South Africa's important role in its BRI, evaluated Pretoria's response to Chinese overtures and whether that was in line with its national development goals or created conditions for new forms of dependency in their relationship. It further evaluates the perceptions of the BRICS countries (the influential grouping of emerging economies of Brazil, Russia, India, China and South Africa) about the BRI, whether that brought any changes in their policies towards Africa and China, and what those changes meant for South Africa.

Since the China-South Africa bilateral relationship faced a recognition dilemma during the apartheid regime and post-apartheid period from 1994 to 1998, South Africa selected a new strategy in response to Beijing's strategy of reciprocity for cooperation. As Britain handed over Hong Kong to the PRC in 1997, it factored in Pretoria's calculations and pushed it to pursue relations as the region had long been a transit for South Africa. In this context, the chapter noted the importance of the role of soft power in the changed approach of China and South Africa to cooperation as they pursued their self-interests. In addition, it also highlights President Nelson Mandela and the ANC's positive perspective towards China for expanding the relations as the bilateral visit exchange took pace. The conventional impression of Beijing and Pretoria towards their ties is based on the economic strength and stability of South Africa in Africa and China in Asia, which makes their relationship even more crucial and strategic. Being Africa's most developed country, South Africa has accrued vital significance for achieving BRI goals in Africa and its broader regional policy.

China has invested extensively in multiple sectors of South Africa, including mining, banking, infrastructure building, and agriculture, among others, to address Pretoria's developmental needs and China's interests and needs as well. However, China's strong export and manufacturing capabilities have threatened South Africa's industrial growth and international commerce. While it has increased South Africa's sensitivity to China, it has led to China's less vulnerability to South Africa. Therefore, there is asymmetrical interdependence between these two countries, and the relationship appears to benefit China more than South Africa. For instance, China has damaged the textile and clothing sector in South Africa, reflecting its sensitivity to China. However, in some cases, it is important to emphasise that the South African government and Chinese state-owned company Power China signed an agreement to build a coal power plant in Limpopo, but the project was ultimately cancelled due to environmental concerns such as toxic waste and high carbon emissions. This caused political tension between the two countries, as their strategic interests conflicted. However, South Africa's industrial capacity and economic diversity allowed it to negotiate with China and address the environmental concerns, resulting in the project's cancellation and consideration of alternative proposals for solar projects. This allowed South Africa to maintain a symmetrical interdependence relationship with China and avoid pressure from the Chinese government.

On the one hand, in terms of trade imbalance, South Africa has exported its mineral products to China, one of its most significant markets, and has imported finished goods from China. It has increased China's sensitivity to South Africa's raw materials and South Africa's vulnerability to China due to its dependence on a single product export to China. The trade

imbalance leads to turning the asymmetrical interdependence relationships between the two countries into dependence relations.

Beijing has implemented a robust soft power strategy to strengthen and integrate its presence in South Africa by providing educational aid, increasing South Africa's sensitivity to China. Furthermore, the loans provided by China to South Africa show South Africa's sensitivity to China, reflecting its responsiveness and South Africa's vulnerability to China, determining rules in the relations. For example, China's debt investment in South Africa's port infrastructure has positive and negative impacts. While it allows for easier import and export of goods, it exposes South Africa's economy to China's influence and sensitivity to its economic conditions. Additionally, China's increased presence in South African ports strengthens its position in the region and contributes to its long-term goals, turning an asymmetrical interdependent relationship between the two countries into South Africa's dependence on China.

Hence, If China and South Africa were to break off their economic ties, it could have negative consequences for South Africa. The country would likely face high costs associated with the loss of a major trading, investor partner and lender like China. This could affect the economy and potentially lead to job losses and other economic challenges. It is important for countries to maintain strong economic relationships in order to ensure stability and growth.

On the one hand, despite the asymmetrical nature, such as sensitivity and vulnerability of their relations, their relations still exhibit a slightly better balance than other countries in the region. However, South Africa can improve its position as a weaker actor in the asymmetrical interdependence relationship with China by proposing projects that contribute to its economic development, poverty reduction, and technological progress and by finding new partners who can provide funds or act as project contractors to help carry out these projects. South Africa has already taken steps to address its trade imbalance with Beijing, such as sanctioning the Asian economic giant against the trade imbalance and bringing a level of interdependence, even as most of its trade with China is through natural resources. This shows that China is in the upper-hand position and, if necessary, can easily become a new kind of colonial power if it wants to. It can only change if African countries, including South Africa, unite and control their mineral resources in ways that the world must seriously negotiate better deals that bring their relations with China sustainable, equal, natural and societal changes with fairness and justice.

Chapter 6

Conclusion

6.1. Limitations

In 2020, the researcher began collecting data for the thesis, but the COVID-19 pandemic caused significant disruptions for about two years. Conducting interviews with South African and Chinese officials as originally planned became challenging due to the pandemic.

While direct interviews and data collection from the relevant state departments of South Africa and China were not feasible, the researcher ensured a comprehensive perspective by obtaining data from reputable alternative sources. The difficulty in accessing agreements related to trade and infrastructure between China and Ethiopia and China and South Africa did not hinder the thoroughness of the research, which revealed China's dominant power in these relationships.

Despite the challenges posed by limited data-sharing and the need for more detailed information provided by governments, the researcher remained committed to the research. The difficulty in obtaining comprehensive information on China's aid and loans to African countries, specifically Ethiopia and South Africa, did not deter the researcher, who gathered information from alternative resources.

Furthermore, limitations were faced due to the unavailability of Chinese input and understanding of Chinese sources. However, the researcher's resourcefulness was evident in finding alternative sources of information in English, such as reports, archives, media sources, interviews, and published analyses, which reassured the quality of the research.

To better understand various aspects of social occurrence, the researcher employed a case study approach, using various data sources to create a thorough perspective. This approach was particularly significant in the thesis, as the case studies provided in-depth insights into how African countries, especially Ethiopia and South Africa, conduct their interdependence relations with China.

As a result, despite these limitations, the researcher sought alternative sources to supplement the information detailed in the chapters and the reference list and concluded.

6.2. Conclusion

The People's Republic of China promised a "great renaissance of the Chinese nation", raising people's living standards and a powerful military. The country witnessed a massive economic turnaround and transformation under Deng Xiaoping's presidency, starting in 1978, by unleashing unprecedented economic reforms, including economic liberalization (not necessarily greater multiparty socialist democracy³⁴ with Chinese characteristics) and internal modernisation policies, thereby opening China politically and economically to the rest of the world. Multiple reasons influenced Beijing's turn to Africa. Firstly, Beijing attracted international scrutiny for its Tiananmen Square violence of 1989, with the West, led by the United States, imposing economic and military sanctions and political isolation. This forced

³⁴ The idea of socialist democracy is an important topic, but not the topic of this thesis.

China to diversify its allies base and increase its presence across underdeveloped African countries to reverse the Western attempts at its diplomatic isolation at the international level. Secondly, as China's economy took off in the 1990s, it required an unimpeded resource supply chain to sustain its vastly growing industrial landscape, including timber, manganese, copper, uranium, aluminium, titanium, platinum, coal, and iron ore, among other rare minerals. These reasons contributed to China's changing perspective vis-à-vis the resource-rich Africa from the 1990s onwards, making the continent a crucial actor in Beijing's international affairs and substantiating its major power profile.

China's presence in Africa has been predicated on ensuring the supply of natural resources and the security of China's investments, gaining diplomatic support from African nations, acquiring land for agricultural purposes, and establishing alternative models to the Western development role and cooperation. Consequently, China initiated a "going out policy" encouraging Chinese businesspeople to invest overseas and to make Chinese firms competitive with existing foreign firms. This policy has shaped, developed, and driven President Xi Jinping's 2013 launched legacy project of the Belt and Road Initiative (BRI) to make China a key player in the global economic architecture and reclaim its historical role. Under this framework and understanding, Beijing undertook major infrastructure projects in Africa to help reduce its infrastructure deficit, revive economies, impact African lives and contribute to the region's stability and peaceful cohesion by assuming enhanced diplomatic roles and hence building up and improving its regional profile as a well-wisher. For instance, between 2000 and 2020, China assisted in constructing nearly 100 ports, 100,000 kilometres of roads and highways, over 13,000 kilometres of railroads, over 1,000 bridges such as Addis Ababa-Djibouti Railways and Maputo-Katembe bridge (between South Africa and Mozambique), and more than 80 large-scale power plants. It also extended liberal developmental financial aid for constructing over 130 medical facilities, 170 schools and 45 stadiums, apart from training over 160,000 professionals in different sectors and creating around 4.5 million jobs across the continent.

Further, Beijing inked around 1,141 credit agreements totalling \$153 Billion between 2000 and 2019 in Africa, with its direct investment totalling over \$44 billion (Mandon, Woldemichael, 2022: 4). In terms of China-Africa trade, it jumped from \$10 Billion in 2000 to \$254 billion in 2021. In addition, during the 2000-20 period, African countries owed a total of \$696 billion in external debt, with a significant portion of \$83 billion owed specifically to China. This accounts for approximately 12% of the total external debt for Africa (Sguazzin, 2022).

As seen above, the BRI has provided African countries with much-needed financial capital through concessional loans and low-interest or interest-free loan opportunities for industrialisation, infrastructure, and employment, contributing positively to their development trajectory. Additionally, the BRI has provided the execution of inter-country infrastructure projects, enhancing regional connectivity that are essential developmental interventions to drive economies and stabilise the region as the local governments are pushed to take effective measures to ensure security to Chinese investments. This strengthens Keohane and Nye's assumptions about regional security in the interdependence theory. In return, China has benefited from access to Africa's dynamic and growing markets, a secured supply chain of raw

materials and energy sources for its manufacturing sector, and political support in the international arena.

On the other hand, there have also been limitations to asymmetrical interdependence relations. For instance, in terms of China, competition from the US, Europe, and other Asian countries in Africa, along with potential internal conflicts and security issues, as well as fluctuations in the prices of essential goods and mineral resources, have both limited and increased China's sensitivity and vulnerability in its asymmetrical interdependence relations with Africa. In addition, in terms of Africa, Chinese involvement has also resulted in trade imbalances, control of African countries through its technological infrastructure, the rising debt trap, increased environmental risks, land dispossession of local people, and damage to local enterprises. In that regard, protests and cancellations or postponements of Chinese projects have occurred due to concerns over the lack of local employment opportunities, rising debt concerns, and violation of quality standards. Reports of Chinese workers being attacked in African countries over locals losing out economically to the Chinese, environmental damage, the employment of Chinese workers, and lack of compensation for loss of land and property have also surfaced. For instance, a Chinese coal power plant that was proposed in Lamu, Kenya, was prevented from being built by the people living in the area and local businesses. This was because they believed that the power plant would have a negative impact on the local tourist industry. In another instance, the people of Gambia protested against the Chinese fish factories in their area as the factories polluted nearby wildlife reserves, causing damage to the environment and negatively affecting the local fish industry. Additionally, in 2012, Zambian workers staged a protest against the Chinese-run mines due to low wages and hazardous working conditions. This protest resulted in the death of a Chinese manager (Martorano, Iacoella, Metzger, Sanfilippo, 2021).

China's dominant role in the relationship with African countries has resulted in an asymmetrical interdependence where China benefits more. However, these factors discussed above may further exacerbate existing disparities and pose a risk to African countries' long-term dependence on China. In addition, in the long term, China's increasing economic influence and, ultimately, its economic control over African countries and African countries' dependence on China may lead to transforming the asymmetric interdependence relations into a dependent relationship model.

In this context, this thesis attempted to examine China's economic and political engagements with Africa as case studies with Ethiopia and South Africa through the lens of interdependence and soft power theories. It evaluates why China accorded a substantial role to these two countries in its BRI project and its achievements and limitations.

Ethiopia is one of Africa's biggest and most populous countries. Located in the Horn of Africa, it has become a prominent politico-economic force in the region due to its rapid economic expansion, strategic significance, and abundant resource riches. Its capital city, Addis Ababa, Africa's diplomatic centre, is home to multilateral and diplomatic missions such as the United Nations Economic Commission for Africa and the African Union's headquarters, accredited missions, and institutions such as 114 embassies, three consulates, and Somaliland representation. It has hosted multiple summits of different multilateral organisations like AU

and FOCAC. In addition, Ethiopia has been a longtime member of IGAD (Intergovernmental Authority On Development) and COMESA (Common Market for Eastern and Southern Africa) since 1993 and 1981, respectively, which have facilitated China's engagements in the country. Its political, economic, and cultural significance attracted China and has been used by Beijing as a bridge to access local and regional markets by investing in the resource, manufacturing and energy sectors.

South Africa is one of the continent's most developed economies with a highly modern industrial sector, setting it apart from the rest of Sub-Saharan Africa. A member of the African Union and the BRICS, it joined the UN Security Council as a non-permanent during the 2019-20 period. Its politicoeconomic stature ensured that China pursued a strategic alliance with Pretoria for a natural resource supply and enhanced its global reputation, manifested by their agreements and understandings in multiple domains of their engagements. Its contribution to South Africa's economic development is evident through its large-scale infrastructure interventions like ports, which have emerged as crucial drivers of the country's external commerce relations by enabling its exports and imports. Its economic sustainability was reflected in its effective response to the 2008 global economic crisis, signifying South Africa's tremendous economic potential for external partners, especially China.

These factors, as analysed and detailed in the thesis chapters, demonstrate the importance of Ethiopia and South Africa, politically and economically, for Beijing and its BRI strategy. China is also the largest trading partner of these countries, with South Africa being its largest African trading partner. In the exhaustive attempts through this thesis, Beijing's BRI policy interventions in these two countries appear to follow the principles of complex interdependence and soft power.

Interdependence between states is defined as mutual dependence but though reciprocal, these relations are not always symmetrical but are most frequently asymmetrical. These asymmetries most likely become sources of influence for the dominant actors, which may exploit this interdependency as leverage during interactions, especially in matters of dispute. The evidence presented in this thesis suggests that China-Ethiopia and China-South Africa relations reflect the asymmetrical nature of interdependence with sensitivity and vulnerability by focusing on China's investments, infrastructure projects, aid, loans and trade with these two African countries. However, despite huge differences between Ethiopia and South Africa in terms of the financial systems, market economy, foreign capital, stock exchange, developed infrastructure, and raw materials, Ethiopia and South Africa's sensitivity and vulnerability to China in the long term, such as the countries' trade deficit with China, heavy reliance on agricultural and natural resources (oilseed, grain, livestock and iron, copper and zinc of Ethiopia to China) (citrus, nut and gold, iron ore, manganese ore and chromium ore, platinum of South Africa to China) in their trade with China, indebtedness to China, and providing cheap labour and land for China may increase the risk of dependence on China. Therefore, the asymmetric interdependence relations may turn into a dependent relationship model through China's increasing economic influence over Ethiopia and South Africa.

In terms of China-Ethiopia asymmetrical relations, for instance, the data shows that China has become a key player in Ethiopia's economy, with substantial investments across various sectors, including glass factories, textiles, pharmaceuticals, leather, and agriculture. In fact,

1057 Chinese investment companies have participated in 1530 licensed FDI projects in Ethiopia, according to the Ethiopian Investment Commission. The impact of Beijing's investments in Ethiopia is significant, leading to the creation of 153,759 permanent and 96,415 temporary jobs in the country, as well as investments surpassing 39.794 billion Ethiopian Birrs (\$1.330 billion 2019). It is interesting to note that according to data from the Ethiopian Investment Commission in 2021, 1383 Chinese investment projects were being carried out in Ethiopia, while the venture between China and Ethiopia was only carried out in 201 projects. This growth in investments demonstrates China's potential impact on controlling the market, particularly in the manufacturing sector, which allows for the processing of agricultural and livestock products, as well as extracting minerals. These indicators further underscore China's interdependence and less vulnerability and sensitivity in relations with Ethiopia.

In a similar vein, Ethiopia has heavily relied on China's infrastructure investments, including railways, highways, and power stations. This is due to a shortage of credit and loan opportunities from the World Bank, IMF, and Europe, which has made it necessary for Ethiopia to seek alternative ways to strengthen its infrastructure. Chinese investment has been seen as a potential solution that could help Ethiopia's development, and China has provided Ethiopia with a substantial amount of interest-free, low-interest, and concessional loans to support the country's infrastructure and large-scale investments while also showcasing China's investments in Africa. Additionally, China's infrastructure investments in Ethiopia could improve the country's connections with other nations in the region, such as Kenya, Sudan, and Djibouti. This would contribute to the development of trade and facilitate the export of agricultural and raw materials that China requires. However, it is crucial to note that Ethiopia's increasing dependency on China's loans and credits makes it more vulnerable to China's dictated terms and debt repayment, which is more than its GDP. As a result, it is clear that China, as the less dependent actor, is getting more from Ethiopia.

In terms of trade, over the past 25 years, Ethiopia has seen a remarkable increase in its exports to China. According to data, Ethiopia's exports to China have grown at an annual rate of 32.6%, from a mere \$596,000 in 1995 to a whopping \$518 million in 2019. Ethiopia top exported products to China were oilseed, copper ore, zinc ore in 2019. On the other hand, it's worth noting that China's exports to Ethiopia have also experienced significant growth over the same period. According to data, the exports grew at an impressive annual rate of 18.5%, from \$40.5 million in 1995 to \$2.37 billion in 2019. Electric filaments were the top Chinese product exported to Ethiopia, with a value of \$265 million, followed by non-knit women's clothing at \$90.3 million and silk fabrics at \$59.1 million. It's clear that China has established a strong trade relationship with Ethiopia, which is a significant market for China in the Horn of Africa, and China has met its rare raw material and agricultural product needs from Ethiopia through trade. However, this interdependence is not reciprocal, as Ethiopia needs better trade contracts and relies on foreign exchange and cash bonds. This creates a large set of trade that is not mutually beneficial, a negative balance of trade against Ethiopia that leads to an increasing trend of dependence on China.

As a result, China has played a crucial role in advancing Ethiopia's economic growth, particularly in infrastructure development, industrialisation, job creation, boosting exports,

agriculture, poverty reduction, and capacity building. Ethiopia has appreciated Beijing's sustained assistance and solidarity, considering it a 'reliable partner'. Addis Ababa considers China as a model for its economy in its development, particularly industrial development, because of China's complete socio-economic transformation through its massive industrialisation and pulling millions of its citizens out of poverty in a short time, albeit from a heavily state-centric perspective. However, in terms of limitations in sustaining an interdependent relationship, Ethiopia has attempted to reduce this deficit through its policy of mutual interest by convincing Beijing to agree to its demands of limiting any export of low-quality products to the country, but there has been a continued trade imbalance favouring China over the years. The other issue has been Chinese companies recruiting Ethiopians for lower wages, as low as \$44 a month. The Ethiopian authorities have regularly highlighted this concern for redressal by China. In addition, China's investments and infrastructure loans to Ethiopia appear to be conditioned to the requirements of utilising Chinese machinery and goods and projects to Chinese companies, an understanding of the agreement's purviews. Also, Ethiopia's growing reliance on Chinese technology and its debt to China exemplify the interdependence relations as problematic. As it is seen, Ethiopia's dependence is greater than China's, and the interdependence relations may transform into a dependent relationship.

In the case of China-South Africa asymmetrical relations, China's developmental interventions have positively impacted South Africa's socio-economic landscape. China's building of wind and coal-fired power plants, bridges, industrial parks, and special economic zones within the purview of infrastructure projects enabled South Africa to enhance its technology, and strengthen its economy. China's investments in the manufacturing and banking sectors have created job opportunities and contributed to fulfilling the objectives of South Africa's National Development Plan. Beijing's support in South Africa's admission to the BRICS economic grouping has brought the country regional and international prestige. China's portfolio of direct investments in diverse socio-economic sectors of South Africa exceeds \$25 billion. Concomitantly, South African companies have expanded their capabilities and secured over 200 projects worth more than \$800 million in China's lucrative but demanding market, thereby emerging as Beijing's prominent African investors.

In this context, between 2003 and 2018, there were approximately 77 Chinese FDI projects in South Africa with a total capital expenditure of \$11.84 billion. These projects had an average investment of \$153.80 million and created over 25,229 jobs. According to the data from Wesgro (2019), the electronic sector was the top recipient of Chinese FDI with 17% of all projects, while the renewable energy, metals and automotive industries followed closely behind. When it comes to China's investments in Ethiopia and South Africa, there are some key differences to note. While China has invested heavily in Ethiopia, its investment projects in South Africa are fewer in number. However, the monetary value of these projects is actually ten times greater than those in Ethiopia. This is largely due to the fact that South Africa is an industrial and economic power in Africa, hence making it less reliant on China than is the case with Ethiopia.

Similarly, in order to boost economic competitiveness and promote commerce on both local and international levels, it is crucial for countries to focus on infrastructure building and

modernization. This is precisely why Chinese investment in infrastructure projects has become so crucial for South Africa, as it helps support the country's inclusion into the regional and global economy. However, due to its robust economy, strong ties with other countries, and membership in international organizations, South Africa is not reliant on China for infrastructure projects. In fact, South Africa has the opportunity to access the necessary loans and investments from the World Bank, the IMF, the USA and Europe to bolster its infrastructure, thereby maintaining its independence and self-sufficiency.

However, there have been limitations in their interdependence relations within BRI's long-term framework. They could be impeded by factors like the trade deficits to the disadvantage of Pretoria that might push it to diversify its external relations in favour of other major powers. Also, South Africa does not directly feature on its map but remains an important part of Beijing's broader economic architecture for the region. Firstly, while Pretoria's trade relations with Beijing are overly dominated by exporting raw materials and importing finished goods, their trade figures reflect a marked deficit to South Africa's disadvantage. For instance, South Africa's exports to China, mostly consist of mineral resources such as gold, iron ore, manganese ore, and chromium ore, which individually account for 39.8%, 15%, 12.2%, and 5.84% of the total exports to China, respectively. These resources account for a significant portion of the total exports to China. In addition to these minerals, South Africa also exports platinum, ferroalloys, copper, crude petroleum, citrus, and nuts. On the other hand, South Africa imports a diverse range of products from China, including broadcasting equipment, office machine parts, computers, video displays, telephones, clothing, fabric, air conditioners, and vehicles. In recent years, products such as electric water heaters, telephone sets, and vehicle accessories have seen an increase in share. It is clear that South Africa has an increasing trend towards becoming dependent on China due to exporting raw materials and importing finished goods, while China is sensitive to South Africa in terms of mineral resources. Hence, China is getting more from South Africa regarding trade relations.

Secondly, China's exports to the country have resulted in the loss of thousands of manufacturing jobs in specific sectors, such as clothing and textiles, contributing to unemployment, or paying local employees with low wages. Thirdly, China is accused of majorly contributing to South Africa's public debt and encouraging "corruption" by soliciting and influencing the governmental elite to award its companies infrastructure contracts; however, these allegations become difficult to substantiate in the absence of any credible inquiry, even as aspects of it feature in the Judicial Commission of Inquiry into Allegations of State Capture, Corruption and Fraud in the Public Sector including Organs of State known as the Zondo Commission.³⁵

In that regard, I suggest that China's strategy towards Africa varies depending on the country; in this context, China's emphasis differs for South Africa and Ethiopia. For instance, in the case of Ethiopia, China appears to prioritise diplomatic and political relations, as well as greenfield

³⁵ Some Companies, ESKOM, and Transnet accused of corruption may have been associated with companies from China such as China Huarong, China North Rail and China South Rail (State Capture Commission Report Part IV, Vol.4: 897; State Capture Commission Report Part IV, Vol.3: 607.

infrastructure projects such as roads, railways and hydroelectric powers. In contrast, with South Africa, the needs of China for the relationships are more complex, including insisting on the BRICS partnership, renewing infrastructure, significant resource extraction, finance, trade in natural resources and manufactures, and corruption claims. In particular, in terms of comparing the interdependence relations of China with South Africa and Ethiopia, additionally, according to data presented in chapters 4 and 5, especially with regard to the trading relationships, it is evident that China places a greater emphasis on trade with South Africa compared to Ethiopia. While China does trade with Ethiopia, the amount of trade is considerably less in comparison. It is important for China to maintain strong economic ties with both countries, but the focus on South Africa is undeniable. In addition, it has been observed that Ethiopia and South Africa have had a negative trade balance with China from 1994 to 2019. This means that the value of imports from China was greater than the value of exports to China. Both countries are highly dependent on China in terms of trade in their asymmetrical interdependence relationship. These countries must address this trade imbalance and diversify their trade relationships to reduce their reliance on China.

Nevertheless, it is crucial for Ethiopia and South Africa to reduce dependence on China and maintain interdependence relations, albeit asymmetrical ones, with China. One way to do this is by attracting investments from other countries and increasing the production and trade of processed materials, which will generate more income for Ethiopia and reduce its sensitivity and vulnerability towards China. South Africa, on the other hand, can maintain its strong economic structure and banking sector by diversifying its economy through cooperation with countries like the EU, USA, China, Russia, Canada, as well as countries like Türkiye, Malaysia, Singapore, and the United Arab Emirates, that are leading the shift of global financial markets to new centers, and by prioritizing investment and production. Various African countries can learn from the experiences of South Africa and Ethiopia's asymmetric interdependence relations with China. For instance, these two countries have successfully attracted Chinese investments and infrastructure projects, contributing to their development, particularly in terms of employment and economic growth. However, they also prioritize the quality of commercial goods and infrastructure materials coming from China and seek alternative ways to prevent dependence on Beijing.

Similarly, African countries should also explore alternative ways to increase competition between China and the West while taking advantage of China's support for debt, infrastructure, and investment to develop their own people and states. They should ensure that they determine the agreements made with China and adopt the principle of reciprocity in trade and debt agreements. Agreements should not be signed against their own countries, and the quality of goods from China should be thoroughly checked. Thus, by decreasing sensitivity and vulnerability in relations with China, the power of African countries may increase.

On the one hand, it is interesting to see how the interdependence relations between countries can vary in terms of their levels of China's dependency on African countries in general, Ethiopia and South Africa in particular. It has been noted that China relies heavily on Ethiopia and South Africa for their diplomatic and economic importance in Africa. For example, Ethiopia acts as a showcase for China, given the African Union's role as the head of diplomatic

missions in Ethiopia, and provides cheap labour for China, while South Africa creates a large market for China, given its dominant position among SADC countries in manufacturing, trade, and electricity supply and strong banking system. In addition, China is very sensitive to these two African countries' agricultural products, rare raw resources, and financial strength. However, China's diverse capacity for gaining resources makes China less vulnerable than Ethiopia and South Africa in the asymmetrical interdependence relations between China and Ethiopia and China and South Africa. In particular, Ethiopia is highly dependent on China due to China's significant investments in the manufacturing and infrastructure sectors, which could lead to a possible debt trap. South Africa, on the other hand, is less dependent on China due to its financial strength. Overall, China appears to be a less dependent and more dominant country in its interdependence relations with these two African countries.

In addition to emphasising the role of power in interdependence with sensitivity and vulnerability, the South Africa-China and Ethiopia-China relations demonstrate the interdependence theory's multiple channels characteristic to understanding international political behaviours between political parties and states collaborations by holding international conferences, providing business and intergovernmental communication with the exchange programs and reflecting sensitivity to each other's policies. For instance, the Communist Party of China (CPC) has sustained inter-party links with African political groups, including the influential African National Congress in South Africa and the Ethiopian People's Revolutionary Democratic Front. Another example of the multiple channel characteristic is that while China follows its non-interventionist policy, upholds sovereignty and demonstrates it does not seek any political or economic hegemony over South Africa and Ethiopia, African countries uphold China's sovereign concerns by ratifying the 'One-China Policy'.

China has also prioritised bilateral partnerships and multilateral relations with African countries, particularly South Africa and Ethiopia. The economic and political significance of these relationships is strongly reflected in their role in multilateral and international organizations such as the African Union, FOCAC, and BRICS (except for Ethiopia). However, these two African countries cannot and should not take sides in the competition between China and the United States. Instead, they should benefit from this major power competition for increased geopolitical influence over Africa and the broader Global South by leveraging their importance in international organizations. In this regard, BRICS and the AU may be essential instruments for African countries' goals, which include strengthening the continent's economic and political position, establishing a multipolar world, and ending American hegemony.

As a second theoretical lens, Keohane and Nye's interdependence theory is linked to new conceptions of dependency theory in Kvangraven's approach because vulnerability in the interdependence can be considered insufficient to explain the complex relationships between nations, particularly in a world where vast differences create significant challenges for countries like Ethiopia and South Africa to avoid falling into periods or stages of dependency. This is where Kvangraven's dependency theory comes into play, which suggests that dependency is not a static concept and can evolve over time by evaluating where interstate relationships either lead to a more equitable and mutually beneficial relationship between nations or by resulting in a new form of dependency where one nation has less power, control,

and influence than the other through providing cheaper labour, exporting a single product, importing finished goods, having heavily debt and aid, and costs of severing a relationship. Hence, the asymmetrical interdependence with technological advancements, resource distribution, cultural hegemony, and trade imbalances may transform into dependency relations between China and Africa, particularly Ethiopia and South Africa. As a result, Kvangraven suggests the possibility of incorporating interdependence concepts into dependency frameworks, so the idea is useful in analysing China-Ethiopia and China-South Africa relations in the thesis.

The thesis also utilises Soft Power Theory as the third theoretical lens. Soft power is defined as the ability of an actor (country) to influence another by using the means of attraction based on culture, history, political values, and foreign policies without resorting to "hard power" elements such as threat, coercion, and incentive. Soft power is generally supportive of interdependence.

In the case of China, it has extensively used its soft power to support its ambitious diplomatic, economic and political aims, based on its history, culture, foreign policies and political values, to increase its influence in Africa, including South Africa and Ethiopia. In this regard, China has established dozens of Confucian institutes, research centres and hospitals, given scholarships and aid, and conducts exchange programs, media activities, tourism initiatives, and volunteer units. For instance, China has given financial assistance to Ethiopia to improve its educational and health infrastructure and enhance living standards. These measures help build its profile as a benevolent partner at the popular level and arrest any local antipathy towards its presence and influence on the socio-economic landscape of Ethiopia. In this regard, Beijing's courting the Ethiopian News Agency to collaborate with its Xinhua News Agency also assumes significance in propagating a favourable image locally. Additionally, Ethiopia, as the African Union's hub, has emerged as a "showcase" nation for Chinese investors to portray China as an alternative power and partner for the regional countries, which manifests the soft power efforts. Likewise, in South Africa, as evidenced in this thesis, China's aid and assistance are broad-based, including education. These include distributing Chinese books and school materials, providing scholarships, establishing institutions and research centres, and improving cultural ties and exchanges between the two nations' citizens. At the same time, South Africa utilises this aid to expand, refurbish and transform its educational sector. As in Ethiopia, it has encouraged people-to-people exchanges and established Confucius Institutes and other institutes. In addition, over 2,600 students from South Africa studied in China.

As it is seen, China positions itself as a benevolent partner in Africa by fostering a sense of partnership and collaboration and seeks to establish its presence through strategic interventions in the form of building hospitals and educational facilities, as well as offering scholarships to African students, particularly Ethiopian and South African students. Besides their aim of saving lives and enhancing the health and education of people in the continent, these efforts help China to maintain its positive outlook, safeguard Chinese investments, promote Chinese culture and language, and extend its influence on the young generations in African nations.

Taking into consideration Ethiopia and South Africa's economic and political importance among African countries, these countries have significant differences regarding their financial

systems, market economies, foreign capital, stock exchanges, infrastructure, and natural resources. These differences also affect their asymmetrical interdependence relationships with China, which could potentially lead to dependence on China in the long term. In that regard, Ethiopia needs to reduce its reliance on China, while South Africa needs to maintain interdependence relations with China.

It could also be argued that China has attempted to increase its influence by realising Cecil Rhodes's colonial aim of constructing a railway linking African nations from Cape Town to Cairo, spanning the continent around 120 years later to achieve its dream through the BRI strategy.

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