



Journal of Current Chinese Affairs

China aktuell

Hackenesch, Christine (2013),
Aid Donor Meets Strategic Partner? The European Union's and China's Relations
with Ethiopia, in: *Journal of Current Chinese Affairs*, 42, 1, 7–36.
ISSN: 1868-4874 (online), ISSN: 1868-1026 (print)

The online version of this article and the other articles can be found at:
<www.CurrentChineseAffairs.org>

Published by

GIGA German Institute of Global and Area Studies, Institute of Asian Studies
in cooperation with the National Institute of Chinese Studies, White Rose East Asia
Centre at the Universities of Leeds and Sheffield and Hamburg University Press.

The *Journal of Current Chinese Affairs* is an Open Access publication.
It may be read, copied and distributed free of charge according to the conditions of the
Creative Commons Attribution-No Derivative Works 3.0 License.

To subscribe to the print edition: <ias@giga-hamburg.de>

For an e-mail alert please register at: <www.CurrentChineseAffairs.org>

The *Journal of Current Chinese Affairs* is part of the GIGA Journal Family which includes:
Africa Spectrum ● Journal of Current Chinese Affairs ● Journal of Current Southeast
Asian Affairs ● Journal of Politics in Latin America ● <www.giga-journal-family.org>



Aid Donor Meets Strategic Partner? The European Union's and China's Relations with Ethiopia

Christine HACKENESCH

Abstract: The motives, instruments and effects of China's Africa policy have spurred a lively debate in European development policy circles. This paper assesses the "competitive pressure" that China's growing presence in Africa exerts on the European development policy regime. Drawing on interviews conducted in China, Ethiopia and Europe between 2008 and 2011, the paper analyses Ethiopia as a case study. Ethiopia has emerged as one of the most important countries in Chinese as well as European cooperation with Africa. Yet, Chinese and European policies toward Ethiopia differ greatly. The EU mainly engages Ethiopia as an aid recipient, whereas China has developed a comprehensive political and economic partnership with the East African state. China has thereby become an alternative partner to the Ethiopian government, a development that both sheds light on the gap between European rhetoric and policy practice and puts pressure on the EU to make more efforts to reform its development policy system.

■ Manuscript received 31 January 2012; accepted 23 August 2012

Keywords: Ethiopia, China in Africa, EU–Africa relations, European development policy

Christine Hackenesch is a research fellow at the Deutsches Institut für Entwicklungspolitik/ German Development Institute (DIE) and a doctoral candidate at the Berlin Graduate School for Transnational Studies. Her research focuses on Chinese engagement in Africa and European external relations. She holds a diploma in political science from the Freie Universität in Berlin and a master's degree from Sciences Po Paris.
E-mail: <Christine.Hackenesch@die-gdi.de>

Introduction

The rapid emergence of new, powerful actors has transformed the context in which development occurs in Africa. China – deliberately or not – is changing the context in which the European Union (EU) engages with developing countries, making it one of the biggest external challenges to European development policy in Africa (Grimm and Hackenesch 2012). Emerging economies such as China, India and Brazil are not part of the traditional aid system. They do not apply standards developed within the Development Assistance Committee of the Organisation for Economic Co-operation and Development (OECD DAC) to their cooperation with African states. The largest impact that these emerging economies have on development opportunities in Africa does not stem from their development aid but from other official flows, trade and investments. Among the emerging economies, Chinese engagement in Africa is by far the most substantial. With aid to Africa estimated at 2.5 billion USD in 2009, China is a donor comparable to Germany but substantially smaller than France or the European Commission (EC) (Bräutigam 2009). By contrast, other Chinese official flows, such as preferential and commercial credits, have been estimated at 6 billion USD in 2009, compared to about 1 billion USD provided by the EU as a whole (Craig-McQuaide, Costello, and Köhler 2011). Bilateral trade between China and Africa increased from 10 billion USD in 2000 to approximately 200 billion USD in 2012 (after a slight dip during the economic crisis), making China the second-largest trading partner of African states after the EU (Freemantle and Stevens 2012). China is now also the fifth-largest investor in Africa, with FDI stocks reaching 7.8 billion USD at the end of 2008 (UNCTAD 2010).

In European development policy circles, China's Africa policy has spurred a lively debate about the motives, instruments and effects thereof. The increase of Chinese engagement in Africa coincides with European and other traditional donors' efforts to make development policy more effective and to (re-)establish the legitimacy of development assistance. Some critics argue that China's policy is challenging the OECD consensus on conditions and standards attached to development policy, since China does not apply internationally agreed-upon commitments while providing aid (Manning 2006; Gabas 2009). Others see China's policies more positively as catalysers of overdue change in European postcolonial and charity-based attitudes, triggering debates over what development is and the best ways of achieving it. In this sense, China has

become “a factor and accelerator in European considerations about re-orienting the EU–Africa partnership”; although China did not trigger this debate, it “gave it new impetus” (Berger and Wissenbach 2007: 4).

Against this backdrop, the paper assesses the “competitive pressure” (Woods 2008) that the growing Chinese presence in Africa is exerting on the European development policy regime and on European development policy on Ethiopia in particular. While this competitive pressure has been felt at the level of the European aid regime for a couple of years already, at the level of individual African countries interaction between China and the EU is still recent. Ethiopia is a particularly interesting case because it is one of the most important countries in Africa for both Chinese and European cooperation. At the same time, differences in Chinese and European approaches to engaging with African states are particularly evident in Ethiopia. For the EU as a whole (EC and EU member states), Ethiopia is the largest aid recipient in Africa (European Commission 2010). Aid is the major instrument in European cooperation with Ethiopia, and Ethiopia constitutes one of the key countries in reforming the European aid system. For China, by contrast, Ethiopia is not primarily an aid recipient but an important political and economic ally in its new Africa policy. China's engagement in Ethiopia goes beyond aid, consisting of a comprehensive package of political cooperation, official flows, investments and trade. The paper argues that Chinese financial flows to Ethiopia are largely complementary to European aid, providing the Ethiopian government with the resources necessary to implement the latter's ambitious development strategy. However, China has emerged also as an alternative partner to the Ethiopian government, offering alternative development templates and alternative approaches to discussing economic and political reforms. Chinese engagement in Ethiopia thereby sheds light on the gap between European rhetoric about reforms and policy practice, a fact that pressures the EU to redouble its efforts to remain an attractive partner.

The paper draws on about 80 interviews conducted in Addis Ababa, Brussels and Beijing between October 2008 and February 2011. Respondents include officials from several Chinese and Ethiopian ministries and administrations, representatives from Ethiopian civil society organisations and Chinese companies, officials from the EU and other donor agencies, as well as Chinese and Ethiopian party representatives. In conducting the interviews, I sought not only to gather basic information about European and, especially, Chinese economic and political

cooperation with Ethiopia, but also to better understand how cooperation mechanisms are established and how they evolve. Due to the sensitivity of the topic, anonymity was guaranteed to all respondents.

The EU's Africa Policy: From Donor Recipient to Modern Partnership?

Despite reform efforts in recent years to improve the coherence between different policy fields – for example, in the Treaty of Lisbon and in the context of the EU–Africa joint strategic partnership – European policy-making toward African countries remains fragmented. Foreign and security policy, trade, and development policy still constitute separate policy fields with different actors, interests and decision-making structures. In European external relations, development policy emerged as a separate policy field with shared competences between the EC and EU member states. With a distinct development commissioner at the EU level and separate ministries in some EU member states, development policy enjoys a relatively high degree of autonomy (Olsen 2005), although this has been questioned with the establishment of the European External Action Service (Furness 2010). Compared to trade or agriculture policy, development policy is a “weak” policy field, relying on development bureaucracies and NGOs as the main constituencies (Carbone 2008). Particularly in the case of economic crisis – as could be observed recently – these constituencies are struggling to make the case for development spending and to “defend” development assistance against requests from other interest groups.

While development assistance is one of the key instruments in European cooperation with many African countries, European development policy has been under pressure to reform for more than a decade. Pressure to reform is not limited to European donors; rather, it is linked to broader demands for reforms in development policy that have been voiced since the early 1990s. European donors have widely endorsed the new international aid agenda that emerged in the early 2000s. In light of a general legitimacy crisis suffered by Western development assistance, donors proposed a set of reforms to recast aid relationships as a “new partnership” between donors and recipients (Fraser and Whitfield 2009). In brief, traditional donors committed to provide more assistance and to reduce the fragmentation of aid delivery with a view to supporting developing countries’ development strategies. They also made commitments to

strengthen the coherence between development assistance and other policies that impact developing countries (Ashoff 2010). The new aid agenda asked for a readjustment of traditional donors' "motives" in providing assistance. After the end of the Cold War, and in light of decreasing economic interests in African countries, European donors rejected the strategic orientation of assistance and commercial self-interests in the tying of aid. In exchange for their reforms, European and other traditional donors expected recipient countries to commit to reducing poverty and improving their governance systems (Fraser and Whitfield 2009).

European development policy is at a critical stage in this reform process (Maxwell et al. 2003; Grimm 2008; Orbie 2012). Policy papers and institutional reforms, not least under the Treaty of Lisbon, provide the basis for the EU to become a more effective actor in development. Yet, many of the commitments have not been met. Tight public budgets in light of the economic crisis have led some to question the ability of the EU to meet its aid targets, and some donors have already reduced their aid budgets. Despite efforts to improve the coordination of European donors – for example, through the introduction of the Code of Conduct on Division of Labour in 2007 and the launch of joint programming in 2012 – the European donor system remains strongly fragmented. Key challenges also concern the relationship between development policy and other policy fields. Although policy coherence in development was taken up in European policy debates as early as the 1990s, implementation of reforms was limited (Carbone 2008).

Reforms in European development policy are transforming the region's relations with African countries. Some observers maintain that these changes come with several paradoxes, and that many new practices have been layered on top of the old regime rather than replacing it (Fraser and Whitfield 2009: 75). Particularly the emphasis on governance reforms and the conditioning of assistance to governance reforms has been criticised for marking a fundamental shift in donor–recipient relations (Moore 1995). While donors appear to be more reluctant to impose their reform templates on recipient countries and question the ability of external actors to "drive" political and economic change in developing countries, more accountable governance is seen not only as an objective of development processes but also as a precondition for delivering effective development assistance. Some have claimed that with the emphasis on governance reforms, the traditional understanding of sovereignty has

given way to a modified view of sovereignty, according to which not every form of political system (regardless of its organisation) is seen as valuable and worth preserving (Dolzer 2004; Herdegen 2007).

China's Africa Policy: The Challenge of Forging Mutually Beneficial Relations

China has not been part of recent reforms in the international aid system as a donor. Chinese norms, principles and instruments for cooperating with African countries are instead largely influenced by China's traditional foreign policy principles, development experiences, and economic and political interests.

Aid has played an important role in the recent transformation of China's Africa policy. Yet, the function of aid as an instrument in Chinese external relations is changing rapidly. Reforms in China's aid system in the 1990s provided the basis to closely link aid to trade, investments and other official flows with a view to strengthening economic cooperation with African countries (Bräutigam 2009; Zhou 2012). As Chinese trade, FDI and other official flows to African countries were low until the beginning of the new century, aid constituted the key ingredient in Chinese economic cooperation with many African countries.

Since 2000 Chinese cooperation with African countries has been intensifying rapidly. The third Forum for China–Africa Cooperation (FOCAC) meeting, held 2006 in Beijing, was a prominent indication for Africans and Europeans that China is actively seeking partnerships with African countries that go beyond aid. The Chinese government announced a comprehensive package of trading opportunities, soft loans for infrastructure projects, direct investments, technical assistance, training programmes and cooperation in international affairs. During the 2009 FOCAC meeting in Sharm el-Sheikh, the policy fields for cooperation were further expanded to include new areas, such as climate change and science and technology (see also Taylor 2011). During the 2012 FOCAC meeting in Beijing, the Chinese government also committed itself to engaging more strongly with African regional organisations.

Within this ever more comprehensive cooperation, aid is increasingly singled out as a separate instrument. The recently published *White Paper on Chinese Aid to Foreign Countries* (State Council 2011) provides a clearer definition of what aid is, along with how and to which countries it should be provided. Some of these clarifications indicate how current

debates in China are also increasingly influenced by discussions in the traditional OECD DAC system and by criticism of China's Africa policy brought forward in Western media and policy debates.

Chinese engagement in Africa differs from that of Europe with regard to the identity and norms that China projects in cooperating with African countries. China portrays itself as the "largest developing country" – billing itself as a nation with a deeper understanding of African needs and the continent's colonial experiences due to its own history and recent development (King 2006). Even though the Chinese government is clearly not a monolithic actor and different state actors have different interests in Sino-African relations (Reilly and Na 2007), it still communicates a very consistent set of principles in its relations with African states and a perspective that is highly welcomed in countries that have long been treated as "junior partners" in international relations. With China's growing international economic weight, however, this discourse is more and more difficult to sustain. Particularly the realisation of "mutually beneficial" relations relies strongly on the rapid growth and intensification that Sino-African relations have experienced, driven to a large extent by the domestic economic development in China (Wissenbach 2009). With the intensification in bilateral relations, power asymmetries in the relationship are growing rapidly (not unlike certain traditional patterns between Western donors and African countries) and expectations on the African side regarding the relationship are rising (Wissenbach 2009).

In line with its general foreign policy principles, the Chinese government's discourse affirms Westphalian norms of state sovereignty, highlighting the principle of non-interference and rejecting the conditioning of assistance to economic or political reforms (Ministry of Foreign Affairs of the People's Republic of China 2004; Zhao 2004). Unlike traditional donors' aid, Chinese cooperation with African countries is not linked to debates on African development strategies. Exchange on Chinese development experiences takes place – but primarily at the request of African governments. During negotiations on assistance projects, particularly in cases where these projects are expected to bring immediate economic benefits, China may ask African governments to explain how projects fit within the development of that policy field (Anonymous 5 2009; Anonymous 5 2010; Anonymous 17 2009; Anonymous 18 2010; Anonymous 15 2010). Moreover, African countries are required to recognise the "One China" policy as a precondition for diplomatic ties and

economic aid. In addition, a large part of assistance is tied to Chinese companies and goods.

Chinese cooperation with African countries further differs with regard to the types of actors involved in bilateral relations. In contrast to the EU, no development policy community has been emerging in China. The Ministry of Commerce plays a key role in the provision of Chinese assistance, and the Ministry of Foreign Affairs, the Ministry of Finance and several line ministries are also involved (Zhou 2012). State actors still dominate Chinese relations with African countries. Yet, a broader range of state actors is now engaged in providing Chinese assistance and in economic and political cooperation beyond aid (Reilly and Na 2007; Alden 2007). With the rapidly growing interdependence and diversification of Chinese actors, the need to strengthen the capacities of various actors, to create mechanisms for coordination, and to build up institutions for cooperation with African countries has increased. Chinese, African and international actors are increasingly demanding that Chinese government institutions actively “manage” growing interdependencies. International and African civil society organisations, for instance, are asking for better regulation of Chinese companies that are active in mining or large-scale infrastructure projects. However, demands from Chinese companies for support in difficult security or business environments are also growing (Anonymous 13 2010; Anonymous 15 2010). The fact that China does not have a separate development policy community may make it easier for the country to develop a coherent policy toward African nations. However, there is no specific community in China putting pressure on actors involved in the policy-making process to ensure that this policy takes developmental effects into account.

China in Africa: A Challenge to European Development Policy?

By offering an alternative approach to cooperation, important amounts of development financing, and alternative development templates, Chinese engagement in Africa exerts considerable “competitive pressure” (Woods 2008) on the European aid regime. China’s own development path along with divergences in Chinese and European norms, principles and instruments in cooperating with African countries are challenging some fundamental assumptions in the European development policy community on how aid should be provided and how aid contributes to

development. Uncertainties and controversies about these issues would exist regardless of Chinese engagement in Africa. Yet, the Chinese presence puts some of the contradictions inherent in the aid system in the spotlight, also exposing the gap between European donors' commitments to improving the effectiveness of aid and the reality of implementing reforms.

The Chinese approach to cooperating with African countries with "no strings attached" seems to offer an alternative to European requests for comprehensive political and policy dialogues and commitments to governance reforms. While empirical analyses of Chinese and European concrete policies toward individual countries have not yet provided clarification as to what extent their approaches to cooperation differ in practice, their rhetoric clearly diverges. European donors, for their part, are struggling to reconcile their objective of promoting governance reforms with the renewed emphasis on country-led reform processes that emerged under the new aid paradigm. Compared to the EU, Chinese rhetoric appears not only more consistent but also more convergent with the preferences of many African elites. In addition, China's strong economic performance and relative stability without democratisation challenges the attractiveness of a European development model as a template for reforms in African countries, even more so in times of economic crisis in Europe. Chinese economic success is thereby fuelling debates in European donor circles about the link between democratic reforms and economic growth in transition countries.

China's rhetorical emphasis on basing cooperation with African countries on mutual benefits and win-win situations contrasts with widespread convictions in European development policy circles that aid should not serve donor interests in the first place. While political reality has never matched donor rhetoric, this paradigm has been further tested in recent years in light of tight European public budgets, government changes in some EU member states (such as Germany), and growing debates about transforming development assistance toward a "global public policy" (Severino and Ray 2009). In this regard, the close linkages between Chinese aid, other official flows, trade and investments tie in with discussions in European development policy circles about reaching out to the private sector and more effectively linking development aid with other forms of development finance. While China's presence has not caused these debates, it has given them more impetus.

As Chinese official flows are mostly provided in the form of tied projects and official flows are not channelled through African budgets, some have argued that Chinese financial flows may contribute to the proliferation and fragmentation of aid, which puts pressure on African bureaucracies and decreases transparency. Some have called on China and other emerging economies to more closely integrate the traditional aid system and to adopt the key standards that emerged within the aid system (Manning 2006), an issue prominently discussed during the 4th High Level Forum on Aid Effectiveness in Busan, South Korea, in November 2011 (Hackenesch and Grimm 2011). However, even within the EU, where institutional structures and framework agreements that should allow for implementing the aid effectiveness agenda are now well developed, the implementation of reforms remains difficult. In light of limited progress made by traditional donors, the incentives for China to join the traditional aid system are arguably highly limited (Woods 2008).

In reaction to growing Sino-African ties, the European Commission and some EU member states have sought to pro-actively engage in trilateral dialogue and cooperation with China and African countries (Hackenesch 2009). Indeed, the ability of the EU to formulate a pro-active response and engage with China in Africa has sometimes been framed as a “test case” for the EU’s strategy to promote global development through effective multilateralism (Wissenbach 2009). Yet, different attempts on the part of the EU to forge trilateral dialogue have remained limited to policy formulation, and the EU’s engagement has usually been bilateral, as it has come together mostly with China alone rather than with China and African states or regional organisations. By contrast, concrete cooperation projects with China and African countries have rarely materialised (Grimm and Hackenesch 2012). European reactions to China’s increasing activities in Africa thereby illustrate the complexity of European development policy-making and the difficulty European donors face in reaching out to actors beyond the development policy community. The growing presence of a variety of Chinese state (and non-state) actors as investors and traders in African countries requires European donors to identify relevant partners for cooperation and to find new channels and instruments for communication. Since no development policy community exists in China, European donors thereby lack “natural partners” on the Chinese side.

The EU and China in Ethiopia: Competing Development Actors?

Beyond the policy level, European donors are increasingly confronted with the Chinese presence in African states. While the size of Chinese economic cooperation varies considerably across African countries, Ethiopia is one of the cases in which Europe and China emerge as equally important partners for the Ethiopian government. Chinese engagement thereby increases the leverage of the Ethiopian government vis-à-vis European and other traditional donors. Until recently, European donors have felt little direct competitive pressure from China in Ethiopia, not least because the Ethiopian government has mostly engaged traditional donors and emerging economies such as China on a bilateral basis. With China's growing presence in Ethiopia, this is changing quickly.

The EU in Ethiopia: Donor System Struggling to Reform

Development assistance is the key instrument in European cooperation with Ethiopia. EU member states provide assistance bilaterally and multilaterally through the European development fund and the EU budget. Ethiopia is among the largest recipients of European aid in Africa and worldwide (European Commission 2010). For Ethiopia, the EU as a whole (EC and EU member states) was the largest traditional donor in 2009, ahead of the United States and the World Bank, providing about 40 per cent of total aid: approximately 815 million USD. European countries offer very few other official financial flows to Ethiopia such as loans or export credits that go beyond official development assistance.

Despite the EU being the largest donor in terms of aid volume, it is clearly not a single or coherent actor. By contrast, the European donor system in Ethiopia is highly fragmented and involves a wide range of public and private actors. According to OECD DAC statistics, Ethiopia receives assistance from 20 EU member states and the EC, even though aid volumes diverge greatly among European donors. The bulk of assistance is provided by ten European donors, with the UK and the EC accounting for the largest shares. To give a full picture of European assistance to Ethiopia, it is also important to mention the role of European NGOs that are very active in Ethiopia, some of them closely engaging with European donor agencies and implementing official assistance programmes (for example, Oxfam UK), others relying on private

fundraising. European assistance is spread across a large variety of policy fields, ranging from support for infrastructure and agriculture to social sectors. Some donors – such as the UK and some Nordic countries – strongly focus their assistance on social sectors and support for governance reforms. The EC supports transport infrastructure as one of its focal areas.

High levels of European aid and the presence of many European donors can be explained by various factors (for the following, see also Furtado and Smith 2009; Anonymous 8 2009; Anonymous 9 2010). Whereas Ethiopia historically received low levels of aid compared to other African countries, it became a natural partner for European donors with the Millennium Development Goal (MDG) agenda and the new international consensus on development aid. Ethiopia is one of the poorest countries in the world and has the second-largest population of any country in sub-Saharan Africa. The Ethiopian government is perceived by donors as being strongly committed to development and is seen as a country with very clear “ownership” of its development strategy. In this regard, the Ethiopian elite are perceived as being motivated by the desire to implement their development vision rather than to reap personal financial gains. Most donors also commend Ethiopia’s bureaucratic capacities to implement assistance programmes quickly, once donors and the government have reached an agreement. As one observer points out:

Indeed, one regularly hears EU diplomats saying something like: “If things do not succeed in Ethiopia [political reform, democratisation, state stability, economic growth, realisation of at least a good number of MDGs, JA (joint assistance)], then it will not work anywhere.” The perception is that they must be a success and be supported, however cautiously (Abbink 2009; brackets in the original).

Ethiopian Prime Minister Meles Zenawi’s active engagement in the international aid effectiveness agenda may have further contributed to European donors’ willingness to provide support. Until his sudden death in August 2012, Meles took an active role in Tony Blair’s Commission for Africa, the G8 Gleneagles meeting in 2005 during which donors decided to increase aid by 0.51 per cent of GNI by 2010, and more recently in the international climate change negotiations and the G20 meetings. In addition, European security interests in the Horn of Africa and European attempts to fight piracy there make Ethiopia an important strategic ally in the region.

High levels of assistance, by contrast, can hardly be attributed to European economic interests in Ethiopia. Beyond development assistance, EU–Ethiopia economic cooperation is limited. For the EU, trade with Ethiopia is marginal, even compared to trade flows with other African countries. In 2009, the EU was the largest export market for Ethiopian products and the second-largest source of imports after China (European Commission 2011). Ethiopia exports mainly primary goods to Europe, a large share of it coffee to Germany. Although the “Everything But Arms” initiative has been providing Ethiopia duty- and quota-free access to European markets since 2001, trade flows increased only marginally after the introduction of this regime. Direct investments from European private companies in Ethiopia are tiny at best. German companies, for instance, have made only small investments, mainly in the leather and flower industries (Anonymous 9 2009). In 2010, Ethiopia was ranked 104th out of 183 countries in the World Bank’s *Doing Business* report, placing it among the top-ten African countries. Yet, Ethiopia is still considered by European companies to be a highly difficult environment for doing business.

European Bureaucratic Interests Impeding Reforms

Whereas European donors have made efforts to improve the aid management and the coherence of European assistance to Ethiopia, much remains to be done (Carlsson, Schubert, and Robinson 2009). Since 2005, the EC and most EU member states have been working through multi-donor programmes and supporting sector-wide approaches, although stark differences exist between donors and across sectors. With a view to improving donor coordination, Ethiopia pioneered the implementation of the Code of Conduct on Division of Labour. The EC has taken the lead, yet it cannot take hierarchical decisions and needs to carefully balance member states’ interests and existing structures with the need for more coherence. For the time being, European donors have been fairly reluctant to phase out of sectors or to channel their assistance through other EU member states’ structures. While the Code of Conduct stresses that developing countries should be in the “driver’s seat”, the Ethiopian government has not taken a very active stance. Some EU officials contend that the Ethiopian government withdrew from the process when its suggestions were not taken into account by donors. Others suggest that the government has been reluctant to take a more active position because the fragmentation of the donor system enables it to

better control its policy agenda vis-à-vis donors (Anonymous 8 2009; Anonymous 10 2010).

Bureaucratic interests and structures on the European side as well as divergences between the EU and the Ethiopian government about the direction of reforms constitute major hurdles to implementing the reform agenda. The incompatibility of administrative aid structures, bureaucratic interests and political will in European capitals challenges attempts to improve coordination. For instance, different donor budgetary cycles impede joint planning. Some representatives from EU member states have reported receiving mixed signals from their national headquarters, which aim to implement the aid effectiveness agenda but at the same time maintain the visibility of their country as a donor (Anonymous 8 2009; Anonymous 10 2010). Due to its level of need, the perceived development orientation of its government, and its good track record in implementing assistance, Ethiopia is a “donor darling”: Everybody wants to be present on the ground there.

Quarrels over Political Reforms

Yet, Ethiopia’s status as a “donor darling” is compromised by diverging perspectives between European donors and the Ethiopian government on political reforms. In the aftermath of Ethiopia’s 2005 general elections, demonstrations against the government led to violent confrontations during which at least 200 people died. Since 2005, European donors, NGOs and international observers have noted reversals in democratic reforms and a substantial narrowing of spaces for the opposition, civil society and the media.

Formulating a response vis-à-vis deterioration in the political governance situation in Ethiopia represents a great challenge for European donors, as donors seek to exert pressure on the Ethiopian government while remaining engaged. In reaction to the government’s crackdown on opposition parties after the elections in 2005, donors decided to suspend direct budgetary support in order to pressure the Ethiopian government to reconcile with the opposition. However, donors did not reduce funds but channelled them through other programmes with stricter monitoring and earmarking procedures attached, notably the “protection of basic services” programme. Some observers argue that this was indeed “a more sophisticated response than blunt conditionality of withholding aid” (Borchgrevink 2008: 212), and that it provided the basis to continue cooperating with the government (see also Furtado and Smith 2009).

Some European NGOs, instead, have been especially critical, claiming that these programmes ultimately strengthen the ruling elite to the detriment of democratic reforms (Human Rights Watch 2010).

The EU has also sought to use the political dialogue specified in the Cotonou Agreement as one of the entry points for influencing political reforms in Ethiopia. Before the 2005 elections, political dialogue included governance issues and “was of a good, steadily improving quality” (Ethiopia and European Community 2008: 37). In the aftermath of the crisis, the EU sought to use dialogue as a channel for engagement and to foster debates on democratic reforms – for instance, in 2009 when the Ethiopian government passed a civil society law that was widely criticised for reducing political space for civil society organisations working on governance issues. Endeavours to engage with the government on governance issues, however, met with strong reluctance on the side of Ethiopian authorities and are pushed mainly by European donors.

Overall, European donors have made considerable efforts over recent years to improve the quality of their assistance to Ethiopia and to engage as a more coherent actor in development. At the same time, the case of Ethiopia highlights how bureaucratic structures and interests inherent in the European aid system affect the reform agenda and how the EU does not engage as a “single” actor. European cooperation with Ethiopia also reveals tensions in European development policy between promoting “ownership” and partnership, on the one hand, and democratic governance reforms, on the other.

China and Ethiopia: Comprehensive Relationship in Its Honeymoon Period?

Chinese cooperation with Ethiopia and the dynamics of Sino-Ethiopian relations diverge substantially from EU–Ethiopia relations. Similar to the EU, for China Ethiopia is a key partner in Africa. Yet, in contrast to the EU, development aid is not the main ingredient in Sino-Ethiopian relations. Chinese cooperation with Ethiopia consists instead of other official flows, trade, investments and political cooperation. For China, Ethiopia thereby emerges as a unique political ally in Africa as well as a promising economic partner.

Since China does not publish aggregated data on its official flows to Ethiopia and does not calculate its aid and other official flows by OECD DAC standards, the volume of Chinese assistance to Ethiopia is difficult

to assess. In the 1990s, economic cooperation mainly comprised a few aid projects – for example, strengthening water supply (Hawkins et al. 2010; Anonymous 12 2009; Anonymous 17 2009). Since the establishment of the FOCAC framework in 2000, and particularly since 2005, Chinese official flows to Ethiopia have grown considerably.

The former Chinese ambassador to Ethiopia highlighted that Ethiopia is the only African country that has benefitted from all eight FOCAC policy measures announced in Beijing in 2006 (Gu 2008), a clear indication of Ethiopia's political importance in China's Africa policy. Most of these projects and the technical assistance provided under the FOCAC framework – such as rural schools, the Malaria Prevention Centre, the Technical and Vocational Training Centre, the Agriculture Demonstration Centre, and scholarships for students to study in China – would be counted as aid under the OECD DAC definition.

More important in terms of financial volume are concessional, preferential and commercial loans that are provided by Chinese policy banks mostly to support the Ethiopian government's ambitious infrastructure development programme. Ethiopian newspapers report that in the second half of 2011 alone, China extended loans amounting to approximately 600 million USD, making China the largest provider of loans to Ethiopia (Tadesse 2012). While overall figures are not available, interviewees indicate that for the Export-Import Bank of China (Exim Bank), Ethiopia has become one of the largest loan recipients in Africa and has one of the bank's most diversified project portfolios (Anonymous 11 2011). As part of the FOCAC measures, the Exim Bank supports an expressway from Addis Ababa to Dukem with a 350 million USD concessional loan. Since 2009 preferential and commercial loans have been allocated to a number of hydro-energy projects or the purchase of vessels for Ethiopia shipping lines. Also, the China Development Bank has started to grant loans – for example, for telecommunications (as an export seller's loan) and hydropower projects. In 2011 China signed agreements with Ethiopia to build and fund parts of the Ethiopian government's ambitious plans to develop the railway system (Gebreselassie 2011).

Although these preferential and commercial loans are provided below market rates, they would not be counted as aid in line with the OECD definition, as they are aimed at supporting Chinese exports and because their level of concessionality is not low enough. Preferential and commercial loans are allocated for large-scale productive projects such as

hydro-energy; they have only been provided since 2008 (Anonymous 17 2009; Anonymous 19 2010; Anonymous 5 2010; Anonymous 7 2009; see Bräutigam 2011 for an overview on the modalities of Chinese official flows).

Apart from an increase in Chinese assistance and official flows, Sino-Ethiopian trade and Chinese direct investments to Ethiopia have developed very dynamically over the last couple of years. Similar to the EU, for China trade with Ethiopia is marginal compared to trade with other African (resource-rich) countries, such as Angola. However, the substantial growth in trade volumes since 2000 is remarkable. In 2009 China became Ethiopia's second-largest trading partner – almost equaling the EU as a whole – and its largest single import and export partner (Economist Intelligence Unit 2011). Similar to the EU, Ethiopia has a large trade deficit with China (EEA 2009). As for other least developed countries, China grants Ethiopia duty- and quota-free exports for about 440 products (Thakur 2009). Between 2007 and 2011, China was the third-largest foreign investor in Ethiopia, after Saudi Arabia and India and ahead of Sudan and Turkey. Chinese companies engage mainly in manufacturing, and Chinese investments are spread across a wide number and range of projects (Geda and Meskel 2009; EEA 2009; Economist Intelligence Unit 2011). A special economic zone that has been established outside Addis Ababa is under construction and likely to attract more Chinese (and other) investments. In addition, the China–Africa Development Fund, an equity fund managed by the China Development Bank, has begun to support Chinese investment projects in Ethiopia (for instance, a glass factory and a leather factory) and opened an office in Addis Ababa in 2010.

The intensification of Sino-Ethiopian relations and the considerable volume of Chinese official flows to Ethiopia compared to other African states can be explained by China's political – and to some extent, economic – interests. As a vocal player on the international scene, Ethiopia is perceived as an important partner in international debates. In 2007 for instance, Ethiopia – together with other African countries – prevented a resolution condemning China's human rights record at the United Nations Human Rights Commission (Thakur 2009). In 2006 the Ethiopian parliament issued a resolution to support China's Anti-Secession Law, a law strongly criticised in the West as it provides China with the legal basis to take military action against Taiwan in case of a unilateral declaration of independence (Thakur 2009). In addition, as the host of African

regional organisations such as the African Union, Ethiopia constitutes a key entry point for China into African regional cooperation. Hosting representatives from all African countries, the visibility of Chinese engagement in Addis Ababa has an immediate multiplier effect throughout the continent. Moreover, the Ethiopian government has been one of the driving forces on the African side in the FOCAC meetings. The Ethiopian ambassador in Beijing has been actively engaged in the creation of the FOCAC framework, and the second FOCAC meeting took place in Addis Ababa in 2003 (Taylor 2011).

Similar to European donors, Chinese officials see Ethiopia as a relative pole of stability in the region. Ethiopia is perceived as having comparatively well-developed bureaucratic structures and a government with a clear development vision. Chinese officials therefore highlight Ethiopia's economic potential in the medium and long term (Anonymous 12 2009; Anonymous 13 2010; Anonymous 14 210; Anonymous 15 2010; Anonymous 1 2011). For Chinese provincially and centrally state-owned construction companies, Ethiopia is an important regional market, one that, until recently, was predominantly financed by Western donors (Anonymous 3 2010). During the last decade, Chinese companies have been winning a large number of international bids in road construction, often financed by the World Bank or via sector budget support by the EC. Chinese small and medium enterprises and private companies that invest in Ethiopia see the country as a promising market and as a "launch pad" for their engagement in the whole region (Anonymous 4 2010; Anonymous 2 2010; see also EEA 2009; Geda and Meskel 2009).

Sino-Ethiopian institutions for cooperation and mechanisms to manage the increasing interdependence are in a process of building up. Compared to European and other traditional donors, not only is Sino-Ethiopian cooperation more loosely institutionalised, but channels for cooperation and overall approaches also diverge. Similar to the EU and other donors, the Chinese and Ethiopian governments have set up a joint commission composed of the Ethiopian Ministry of Finance and Economic Development and representatives from the Chinese Ministry of Commerce. This commission serves as a forum to discuss general issues regarding trade and investments and to deal with possible tensions related to Chinese projects (Burke, Corkin, and Tay 2007). Concrete negotiations on large-scale loans or loan framework agreements take place on a case-by-case basis, often at the highest political level (An-

onymous 17 2009; Anonymous 18 2009; Anonymous 7 2009; Anonymous 5 2009).

In contrast to European donors, the Chinese government is obviously not pushing for debates on democratic reforms in Ethiopia. Beyond government-to-government contacts and, different from European cooperation with Ethiopia, relations between China's and Ethiopia's ruling parties function as an important additional channel to strengthen bilateral relations. Party-to-party contacts have been reinforced during the last few years; a Memorandum of Understanding to institutionalise these contacts was signed in 2010. For the Ethiopian Peoples' Revolutionary Democratic Front (EPRDF – the Ethiopian ruling party coalition), the Chinese Communist Party (CCP) is the most important international partner. Party-to-party meetings also provide a channel to discuss development experiences, the role of the party in the state, and party succession strategies. It is important to note that both sides have mutual interests in these discussions (Hackenesch 2011; Anonymous 1 2011; Anonymous 6 2010).

While cooperation has been dominated by high-level exchange for some time, the Chinese government is actively seeking to foster broader contacts. Between 2006 and 2010, approximately 200 officials from Ethiopian regional and national administrations travelled annually to China for anywhere from ten days to one month (Anonymous 13 2010). Not only have discussions with Ethiopian participants and Chinese officials indicated that this type of visit helps to transfer general knowledge about China and to create a supportive environment for Sino-Ethiopian relations, but, in addition, “showing” the results of China's opening-up policy and how China has developed certainly has also had an impact on Ethiopian views on reform policies.

Sino-Ethiopian Relations: Mutually Beneficial?

In contrast to some African countries such as Zambia where Chinese engagement is controversially discussed, in Ethiopia major conflicts or controversial debates resulting from the direct impact of Chinese investments, trade or financial assistance have rarely come up. However, with increasing interdependence a growing number of actors are placing demands on the Chinese Ministry of Foreign Affairs and the Ministry of Commerce. While Ethiopian and international actors are asking for better regulation of Chinese companies, Chinese companies are instead concerned with the business environment in Ethiopia. Anecdotal evi-

dence suggests, for instance, that growing criticism from local and international NGOs (for one, International Rivers) about Chinese financing for controversial, large-scale hydropower projects induces Chinese officials to carefully assess support for further projects (Anonymous 13 2010; Anonymous 15 2010). Not too different from Western companies, Chinese companies in Ethiopia have been complaining about the rigid currency policy of the Ethiopian government and about quality controls of Chinese exports to Ethiopia that are perceived to be more restrictive than for products from other countries (Anonymous 3 2010; Anonymous 4 2010; Anonymous 13 2010). With increasing financial support from China, the Ethiopian government's expectations vis-à-vis China's support for large-scale infrastructure investments is also rising.

Driven by a rapid intensification in trade, investments, aid and political cooperation, Sino-Ethiopian relations are currently probably in their "honeymoon period". From a Chinese perspective, relations with Ethiopia are seen as an example of China's great success in its engagement in Africa, which has been on the rise since the first FOCAC meeting in 2000. With the strengthening of bilateral relations, China's direct impact in Ethiopia is rising quickly. Asymmetries in a relationship that has so far been seen from both sides as one of equals are growing rapidly, potentially leading to more tensions in the future. Chinese engagement relies on the assumption that Ethiopia's economic development will be a success story. If benefits from recent investments (for example, in hydropower, telecommunications or the Special Economic Zone) are not commercially viable, China will face difficulties in sustaining a comprehensive partnership.

China in Ethiopia: The Implications for European Development Policy

Starting out modestly at the beginning of the new century, China's official flows, trade and investments to Ethiopia have been growing tremendously in recent years. Despite analytical difficulties in directly comparing European and Chinese official flows – as Chinese aid is mixed with other forms of official flows and country-specific data is difficult to obtain – one can argue that Europe and China have become equally important economic partners for Ethiopia. For European donors, this raises questions with regard to the consequences of Chinese engagement for European development policy.

Chinese development finance appears to be complementary to European aid: China provides the bulk of its assistance to policy fields where European donors are less active or not engaged at all, such as telecommunications or energy. China thereby supports policy fields that have received less attention from traditional donors because they require large-scale financing or because of diverging priorities between European donors and the Ethiopian government. In policy fields where China and European donors are engaging, parallel structures are emerging. In transport, for instance, the EC has provided sector budget support, whereas China has supported single, large-scale projects such as the expressway from Addis Ababa to Dukem. Since Ethiopian administrative capacities and sector development strategies are comparatively strong and well developed, these parallel structures do not represent a particular challenge for Ethiopia as of now. In social policy fields such as education and health, Chinese assistance is still rather small compared to European aid. Challenges in donor coordination in these sectors result from the fragmentation of the traditional donor system rather than from Chinese assistance. Overall, Chinese engagement strengthens the ability of the Ethiopian government to implement its development strategy and to do this more independently from European and other donors' preferences.

Until recently, there has been limited direct contact between European and Chinese officials. In addition, European donors' interest in and knowledge of Sino-Ethiopian relations has been limited. This can be explained by the fact that Chinese development finance, trade and investments have grown only over the last few years. At the same time, the Ethiopian government has engaged with Chinese and European donors on separate terms. China has rarely taken part in traditional donor coordination rounds and donor meetings with the government, providing limited direct points of contact between European donors and China. In addition, China partly cooperates with Ethiopia through different channels than the EU – for example, party-to-party relations. European interest in Sino-Ethiopian cooperation has probably also been limited, since European donors have been busy reforming their development policy, leaving limited room to engage with other actors beyond the traditional donor system.

Yet, the Chinese presence is being felt ever more strongly by European donors, not least because the Ethiopian government is increasingly using its cooperation with China and other emerging economies as an

explicit bargaining chip in negotiations with European donors. This shift in strategy became obvious in 2010 when the Ethiopian government presented its development strategy to international partners. Representatives from China, India, Brazil and Russia were invited for the first time to this event, alongside traditional donors. During the meeting, not only did the Chinese ambassador provide rhetorical support, shielding the Ethiopian government from criticism from traditional donors (Anonymous 10 2010), but China also committed to further increasing its financial support for Ethiopia's development strategy.

This more direct confrontation with China may increase the pressure on European donors to live up to their reform commitments and reduce the fragmentation of the European aid system. With decreasing relative weight as aid providers, European donors will need to make more efforts to remain attractive partners for the Ethiopian government. While the Ethiopian government seeks to maximise support for its development from various sources, the fragmentation of the European donor system and the "projectitis" of some European donors is increasingly being perceived as an administrative burden. As one Ethiopian government official points out: "An advantage of China is that they support large-scale projects, in contrast to some European donors who come with many tiny programmes" (Anonymous 18 2010).

Moreover, Chinese cooperation with Ethiopia may have implications for European donors trying to establish themselves as partners to discuss political and economic reforms with the Ethiopian government. Ethiopian elites have been interested in the Chinese development path for some time. However, China's growing weight in international relations and its strengthened contact with the Ethiopian government and party officials further increase the attractiveness of China as a role model. While exchange on political and economic reforms between China and Ethiopia takes place in different forums – for instance, via party-to-party relations or exchange between government officials – this cooperation is largely demand-driven. Discussions on political reforms between European donors and the Ethiopian government, on the contrary, are strongly driven by the European side. If European donors aim to set up a comprehensive political dialogue on governance reforms, they will need to better explain this request in light of the presence of competing cooperation partners such as China.

In this regard, the EU will also have to clarify how important it considers these values to be as a basis for cooperation. Beneath European

rhetoric and attempts to support democratic reforms through political dialogue or direct assistance, concrete European policies toward Ethiopia reveal that these values constitute a thin layer of European development policy and the divergence in approaches among different European donors. To give one example: Only a few months after substantial disagreements between European donors and the Ethiopian government over the conduct of the parliamentary elections in 2010 and over the report of the EU election observer mission (European Union Election Observer Mission 2010), the British Department for International Development (DfID) announced it would double its assistance to Ethiopia by 2015. This decision also shows the attractiveness of a developmental state for some European aid bureaucracies regardless of the democratic foundations of this state. With its different rhetoric and alternative approach to cooperation, the Chinese presence in Ethiopia sheds more light on these contradictions in European development policy.

Some European donors have started to reach out to foster trilateral dialogue and cooperation with Chinese and Ethiopian actors; but results have been limited. The Ethiopian government for its part has been reluctant to respond to requests by European donors, seeking instead to engage China and traditional donors on separate terms, while increasing its leverage vis-à-vis both. For the Chinese Ministry of Commerce or its Ministry of Foreign Affairs, in turn, interest in cooperating with European donors is low (Anonymous 16 2010; Anonymous 12 2009). On the European side, initiatives to foster trilateral dialogue and cooperation have been pushed mainly by European capitals and notably by those actors in the aid bureaucracy working on China rather than on Africa, raising questions about European motives for trilateral cooperation (Grimm and Hackenesch 2012). Since knowledge in European development policy circles about the actors and decision-making processes involved in Chinese policies toward Africa is still limited, it is difficult for European aid bureaucracies to identify relevant actors and potential fields for cooperation. While the EU has been decentralising parts of its programming process to Ethiopia, on the Chinese side key decisions are still taken in Beijing and trilateral cooperation would have to be approved there (Grimm 2011).

Conclusions

China's increasing role in Ethiopia – and in Africa, more broadly – comes at a time of increasing disenchantment with Europe on the African side. The EU is in a critical stage in reforming its development policy. Against the backdrop of the international aid effectiveness agenda, the EU has developed a comprehensive policy framework that provides it with the institutional basis to engage as a more coherent actor in development. Yet, much remains to be done to put this policy framework into practice. Instead, the EU donor system for the time being continues to be a highly fragmented donor system whose member states define their aid policies bilaterally rather than as part of a European system and in which new aid instruments and practices have been layered on top of old approaches rather than replacing the previous system.

In the midst of this reform process, China's presence exerts considerable competitive pressure on the European aid regime in general and on European development policy toward individual African countries, such as Ethiopia in particular. Although some have argued that the emergence of China and other new actors will further contribute to the fragmentation of the aid system, the case of Ethiopia shows that European and Chinese development financing are largely complementary in terms of policy fields and modalities. Yet, Chinese and European perspectives diverge on how aid should be provided and how aid should link to other forms of cooperation, challenging European approaches to cooperation. In countries like Ethiopia where China already constitutes an actor as important as the EU, European donors will need to step up their efforts to retain their attractiveness as partners. A more truly European approach will be vital in this regard. On the Chinese side, reforms in the aid system and reforms in its Africa policy more generally are increasingly influenced by discussions within the international aid system. Yet, the international aid system in its current configuration provides no incentives for China to integrate, and only limited incentives for the Ethiopian government to push for more Chinese participation. Rather, China is regarded as an alternative to Western partners.

In this situation of (perceived) competition, the EU faces a “triple” challenge: It needs to reform its own system; it needs to put its weight into the balance to push for further reforms within the international aid system; and it needs to reach out to engage with an increasingly diverse range of Chinese actors and to establish structures for communication with actors beyond the aid system. In the European development policy

community, Chinese engagement is still too often perceived as a challenge rather than an opportunity. If aid is about development in the first place, European donors will have to develop more pro-active strategies on how aid can be designed to maximise the opportunities that arise for developing countries with other types of development finance provided by China and other emerging economies.

References

- Abbink, Jon (2009), The Ethiopian Second Republic and the Fragile “Social Contract”, in: *Africa Spectrum*, 44, 2, 3–28.
- Alden, Chris (2007), *China in Africa*, Johannesburg: Zed books Ltd.
- Anonymous 1 (2011), interview with a senior official from the Chinese Communist Party, Beijing, March.
- Anonymous 2 (2010), interview with a senior manager from a Chinese business consultancy, Beijing, July.
- Anonymous 3 (2010), interview with a senior manager from a Chinese state-owned enterprise, Addis Ababa, December.
- Anonymous 4 (2010), interview with a senior manager from a Chinese small and medium enterprise, Beijing, July.
- Anonymous 5 (2009), interview with a senior official from the Ethiopian Electric Power Corporation (EPPCO), Addis Ababa, October.
- Anonymous 5 (2010), interview with a senior official from the Ethiopian Electric Power Corporation, Addis Ababa, December.
- Anonymous 6 (2010), interview with a senior official from the Ethiopian Peoples’ Revolutionary Democratic Front, Addis Ababa, November.
- Anonymous 7 (2009), interview with a senior official from the Ethiopian Road Authority (ERA), Addis Ababa, October.
- Anonymous 7 (2010), interview with a senior official from the Ethiopian Road Authority, Addis Ababa, November.
- Anonymous 8 (2009), interview with a European diplomat, Addis Ababa, October.
- Anonymous 9 (2009), interview with a European diplomat, Addis Ababa, October.
- Anonymous 10 (2010), interview with a European diplomat, Addis Ababa, November.
- Anonymous 11 (2011), interview with a senior economist from the Export-Import Bank of China, Beijing, March.

- Anonymous 12 (2009), interview with a senior official from the Chinese Embassy to Ethiopia, Addis Ababa, October.
- Anonymous 13 (2010), interview with a senior official from the Chinese Embassy to Ethiopia, Addis Ababa, November.
- Anonymous 14 (2010), interview with a senior official from the Chinese Ministry of Foreign Affairs (MFA), Beijing, July.
- Anonymous 15 (2010), interview with a senior official from the Chinese Ministry of Commerce, Addis Ababa, December.
- Anonymous 16 (2010), interview with an official from the Chinese Ministry of Commerce, Beijing, July.
- Anonymous 17 (2009), interview with a senior official from the Ethiopian Ministry of Finance and Economic Development, Addis Ababa, October.
- Anonymous 18 (2010), interview with a senior official from the Ethiopian Ministry of Finance and Economic Development, Addis Ababa, November.
- Anonymous 19 (2010), interview with a senior official from the Ethiopian Ministry of Finance and Economic Development, Addis Ababa, December.
- Ashoff, Guido (2010), *Wirksamkeit als Legitimationsproblem und komplexe Herausforderungen der Entwicklungspolitik*, in: Jörg Faust and Susanne Neubert (eds), *Wirksamere Entwicklungspolitik. Befunde, Reformen, Instrumente*, Baden-Baden: Nomos, 27–68.
- Berger, Bernt, and Uwe Wissenbach (2007), *EU-China-Africa Trilateral Development Cooperation: Common Challenges and New Directions*, Discussion Paper 21/2007, Bonn: Deutsches Institut für Entwicklungspolitik/ German Development Institute (DIE).
- Borchgrevink, Axel (2008), *Limits to Donor Influence: Ethiopia, Aid and Conditionality*, in: *Forum for Development Studies*, 35, 2, 195–220.
- Bräutigam, Deborah (2011), *Aid “With Chinese characteristics”: Chinese Foreign Aid and Development Finance Meet the OECD-DAC Regime*, in: *Journal of International Development*, 23, 5, 752–764.
- Bräutigam, Deborah (2009), *The Dragon’s Gift. The Real Story of China in Africa*, Oxford: Oxford University Press.
- Burke, Christopher, Lucy Corkin, and Nastasya Tay (2007), *China’s Engagement of Africa: Preliminary Scoping of African case studies. Angola, Ethiopia, Gabon, Uganda, South Africa, Zambia*, online: <www.ccs.org.za/wp-content/uploads/2009/04/rf_paper_final.pdf> (12 December 2010).

- Carbone, Maurizio (2008), Mission Impossible: The European Union and Policy Coherence for Development, in: *European Integration*, 30, 3, 323–342.
- Carlsson, Bjorn Tore, Carlos Buhigas Schubert, and Sarah Robinson (2009), *The Aid Effectiveness Agenda. Benefits of a European Approach*, study prepared by HTSPE for the European Commission, online: <www.ec.europa.eu/development/icenter/repository/AE_Full_Final_Report_20091023.pdf> (12 December 2010).
- Craig-McQuaide, Peter, Nicholas Costello, and Nicolas Köhler (2011), Towards a Truly Global Partnership for Development, in: *ICTSD Trade Negotiation Insights*, 10, 3, Geneva: ICTSD.
- Dolzer, Rudolf (2004), Good Governance: Neues transnationales Leitbild der Staatlichkeit?, in: *Zeitschrift für ausländisches öffentliches Recht und Völkerrecht*, 64, 535–546.
- Economist Intelligence Unit (2011), *Country Report Ethiopia*, London: Economist Intelligence Unit.
- EEA see Ethiopian Economic Association
- Ethiopia and European Community (2008), *Country Strategy Paper and National Indicative Programme for the Period 2008–2013*, Lisbon.
- Ethiopian Economic Association (2009), *A Survey of the Economic and Trade Relationships between China, India and Ethiopia*, Draft Study Report to Friedrich-Ebert-Stiftung, Addis Ababa: EEA.
- European Commission (2011), *Ethiopia. EU Bilateral Trade and Trade with the World, Directorate General for Trade*, online: <http://trade.ec.europa.eu/doclib/docs/2011/january/tradoc_147265.pdf> (15 June 2011).
- European Commission (2010), *EU Donor Atlas*, online: <www.development.donoratlas.eu/home.html> (10 June 2011).
- European Union Election Observer Mission (2010), *Press Release: EU Election Observation Mission to Ethiopia Issues Its Final Report in Brussels*, online: <www.euom.eu/files/pressreleases/english/press-release-08112010_en.pdf> (15 June 2011).
- Fraser, Alastair, and Lindsay Whitfield (2009), Understanding Contemporary Aid Relationships, in: Lindsay Whitfield (ed.), *The Politics of Aid. African Strategies for Dealing with Donors*, Oxford: Oxford University Press, 74–107.
- Freemantle, Simon, and Jeremy Stevens (2012), EM 10 and Africa: China-Africa Trade Deepens, But on Whose Terms?, in: *Africa Macro. Insight & Strategy*, 29 November, Johannesburg: The Standard Bank.

- Furness, Mark (2010), *The European External Action Service. A New Institutional Framework for EU Development Policy*, Discussion Paper 15/2010, Bonn: Deutsches Institut für Entwicklungspolitik/ German Development Institute (DIE).
- Furtado, Xavier, and W. James Smith (2009), Ethiopia: Retaining Sovereignty in Aid relations, in: Lindsay Whitfield (ed.), *The Politics of Aid. African Strategies for Dealing with Donors*, Oxford: Oxford University Press, 131–155.
- Gabas, Jean-Jacques (2009), Emerging Countries and International Cooperation, in: Christophe Jaffrelot (ed.), *Emerging States. The Well-spring of a New World Order*, New York: Columbia University Press, 197–209.
- Gebreselassie, Elias (2011), Billion Dollar Railway Goes to Chinese Company, in: *The Capital*, 19 December.
- Geda, Alemayehu, and Atenafu Meskel (2009), *Impact of China-Africa Investment Relations: Case Study Ethiopia*, Final Draft prepared for the AERC Collaborative research on the impact of China on Africa, Mombasa.
- Grimm, Sven (2011), *Engaging with China in Africa—Trilateral Cooperation as an Option?*, EDC2020 Briefing Paper, Bonn: European Association of Development Research and Training Institutes.
- Grimm, Sven (2008), *Reforms in the EU's Aid Architecture and Management. The Commission is No Longer the Key Problem. Let's Turn to the System*, Discussion Paper 11/2008, Bonn: Deutsches Institut für Entwicklungspolitik/ German Development Institute (DIE).
- Grimm, Sven, and Christine Hackenesch (2012), European Engagement with Emerging Actors in Development: Forging New Partnerships, in: Sven Grimm, Stefan Gänzle, and Davina Makhani (eds), *The European Union: Enlightened Superpower in the Making*, Basingstoke: Palgrave Macmillan, 211–228.
- Gu, Xiaojie (2008), *China Never Imposes Its Will on Ethiopia by Way of Its Assistance. Interview of Walta Info with Gu Xiaojie, Chinese Ambassador to Ethiopia*, online: <www.waltainfo.com/index.php?option=com_content&task=view&id=2110&Itemid=96> (12 January 2011).
- Hackenesch, Christine (2011), *European Good Governance Policies Meet China in Africa: Insights from Angola and Ethiopia*, EDC2020 Working Paper 10, Bonn: European Association of Development Research and Training Institutes (EADI).

- Hackenesch, Christine (2009), *China and the EU's Engagement in Africa: Setting the Stage for Cooperation, Competition or Conflict?*, Discussion Paper 16/2009, Bonn: Deutsches Institut für Entwicklungspolitik/ German Development Institute (DIE).
- Hackenesch, Christine, and Sven Grimm (2011), *Busan und die "neuen Akteure": Der steinige Weg zu einem gemeinsamen Verständnis von wirksamer Entwicklungspolitik*, Die aktuelle Kolumne, 17 October, Bonn: Deutsches Institut für Entwicklungspolitik/ German Development Institute (DIE).
- Hawkins, Darren et al. (2010), *Codebook for Assembling Data on China's Development Finance*, online: <www.aiddata.org/research/china> (10 March 2011).
- Herdegen, Matthias (2007), Der Beitrag des modernen Völkerrechts zu Good Governance, in: Rudolf Dolzer, Matthias Herdegen, and Bernhard Vogel (eds), *Good Governance: Gute Regierungsführung im 21. Jahrhundert*, Freiburg: Herder Verlag, 107–127.
- Human Rights Watch (2010), *Development without Freedom. How Aid Underwrites Repression in Ethiopia*, online: <www.hrw.org/en/reports/2010/10/19/development-without-freedom-0> (15 January 2011).
- King, Kenneth (2006), *China's Partnership Discourse with Africa*, paper prepared for the conference "China in Africa in the 21st century: Preparing for the Forum on China-Africa Cooperation", organised by the Royal African Society, the South African Institute for International Affairs, and the Secretariat of NEPAD, 16–17 October 2006 in Muldersdrift, South Africa, online: <www0.hku.hk/cerc/KK-article/3.China's%20Partnership%20with%20Africa.King.2006c.pdf> (12 June 2011).
- Manning, Richard (2006), Will "Emerging Donors" Change the Face of International Cooperation?, in: *Development Policy Review*, 24, 4, 371–385.
- Maxwell, Simon et al. (2003), *European Development Cooperation to 2010*, Working Paper 219, London: Overseas Development Institute.
- Ministry of Foreign Affairs of the People's Republic of China (2004), *China's Stand on South-South Cooperation*, online: <www.mfa.gov.cn/eng/wjdt/wjzc/t24884.htm> (13 June 2011).
- Moore, Mick (1995), Promoting Good Governance by Supporting Institutional Development?, in: *IDS Bulletin*, 26, 3, 89–96.
- Olsen, Gorm Rye (2005), Coherency, Consistency and Political Will in Foreign Policy: The European Union's Policy Towards Africa, in: *Perspectives on European Politics and Society*, 9, 2, 157–171.

- Orbie, Jan (2012), The EU's Role in Development: A Full-Fledged Development Actor or Eclipsed by Superpower Temptations?, in: Sven Grimm, Stefan Gänzle, and Davina Makhan (eds), *The European Union: Enlightened Superpower in the Making*, Basingstoke: Palgrave Macmillan, 17–36.
- Reilly, James, and Wu Na (2007), China's Corporate Engagement in Africa, in: Marcel Kitissou (ed.), *Africa in China's Global Strategy*, London: Adonis & Abbey, 132–155.
- Severino, Jean-Michel, and Olivier Ray (2009), *The End of ODA. The Death and Rebirth of a Global Public Policy*, Working Paper 167, Washington: Center for Global Development.
- State Council (2011), *Chinese White Paper on Foreign Aid*, Beijing: Information Office of the State Council.
- Tadesse, Kirubel (2012), China Loans 600 Million Dollars to Ethiopia Over Five Months, in: *The Capital*, 2 January.
- Taylor, Ian (2011), *The Forum on China-Africa Cooperation (FOCAC)*, Abingdon: Routledge.
- Thakur, Monika (2009), *Building on Progress? Chinese Engagement in Ethiopia*, Occasional Paper 38, Johannesburg: South African Institute for International Affairs.
- UNCTAD see United Nations Conference on Trade and Development
- United Nations Conference on Trade and Development (2010), *Economic Development in Africa Report 2010: South-South Cooperation: Africa and the New Forms of Development Partnerships*, online: <www.unctad.org/en/docs/aldcafrica2010_en.pdf> (10 December 2010).
- Wissenbach, Uwe (2009), The EU's Response to China's Africa Safari: Can Triangular Cooperation Match Needs?, in: *European Journal for Development Research*, 21, 662–674.
- Woods, Ngaire (2008), Whose Aid? Whose Influence? China, Emerging Donors and the Silent Revolution in Development Assistance, in: *International Affairs*, 84, 6, 1205–1221.
- Zhao, Suisheng (2004), Beijing's Perceptions of the International System and Foreign Policy. Adjustment after the Tiananmen Incident, in: Suisheng Zhao (ed.), *Chinese Foreign Policy. Pragmatism and Strategic Behaviour*, New York, London: M. E. Sharpe, 140–150.
- Zhou, Hong (2012), China's International Cooperation, in: Sachin Chaturvedi, Thomas Fues, and Elizabeth Sidiropoulos (eds), *Development Cooperation and Emerging Powers: New and Old Patterns*, London: Zed Books, 134–168.

Contents

Introduction

- Karsten GIESE
Chinese Impacts and Impacting China 3

Research Articles

- **Christine HACKENESCH**
Aid Donor Meets Strategic Partner? The European Union’s and China’s Relations with Ethiopia 7
- Rasmus LEMA, Axel BERGER, and Hubert SCHMITZ
China’s Impact on the Global Wind Power Industry 37
- Axel BERGER, Doris FISCHER, Rasmus LEMA, Hubert SCHMITZ, and Frauke URBAN
China–Europe Relations in the Mitigation of Climate Change: A Conceptual Framework 71
- Ana Cristina ALVES
Chinese Economic Statecraft: A Comparative Study of China’s Oil-backed Loans in Angola and Brazil 99
- Susana MOREIRA
Learning from Failure: China’s Overseas Oil Investments 131

Analyses

- WANG Duanyong
The Safety of Chinese Citizens Abroad: A Quantitative Interpretation of the “Special Notices for Chinese Citizens Abroad” (2008–2010) 167
- Andreas HOFEM and Sebastian HEILMANN
Bringing the Low-Carbon Agenda to China: A Study in Transnational Policy Diffusion 199

Contributors	217
Article Index 2012	221