China's Belt and Road Initiative in Africa, Debt Risk and New Dependency: The Case of Ethiopia

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Abstract: Acknowledging a growing new concern about China across the Global North in general, and in the U.S. in particular, in the context of China–Africa relations, the article examines Ethiopia as a case study to understand the multi-faceted relationship. Based on field research in 2018-20, together with local media reports, it looks at some of the recent large-scale infrastructure projects in Ethiopia built by Chinese companies, in particular the Light Railway in Addis Ababa and the Ethiopia–Djibouti Railway. These will be analyzed in the context of the Belt and Road Initiative (BRI) of China. Although the expansion of badly needed modern infrastructure, and thus enhanced connectivity, is welcomed by society at large, the following research questions are raised: (1) How difficult will the repayment of loans be for Ethiopia? (2) Is China offering a worse scenario than the Western practice? At the same time, what is the alternative to these Chinese loans for African governments at present? (3) What are the costs and benefits for both sides? In the process of measurable growing indebtedness—this time to China—the article will shed light on some new dependencies in the making.

Introduction: Rising Debt Stress in Sub-Saharan Africa

Over the last two decades China has become the largest trading partner for the entire African continent. This means that while in 2000 the total trade volume stood at US$10.6 billion, in 2018 it reached US$204.19 billion.[1] In the year 2018, "the growth rate of China's trade with Africa was the highest in the world."[2] In particular, commodity-dominated Chinese engagements have expanded greatly with Sub-Saharan Africa (SSA). In a fifteen-year timespan, from a negligible level in 2000, trade exponentially increased, together with Chinese direct investment having grown more than six-fold.[3] According to the General Administration of Customs of the People's Republic of China (PRC), the country has kept its pole position globally in terms of trade of goods; the "volume with major trading partners increased, and trade with countries involved in the 'Belt and Road Initiative' (BRI) saw a good momentum."[4] In 2018, an almost ten percent increase was registered by China Customs in total foreign trade deals and activities compared to that of 2017.[5] Among others, the World Bank at the same time reports that one of the vulnerabilities in the

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form of government debt-to-GDP ratios "are estimated to have risen in more than half of the [Sub-Saharan African] countries in 2018 and were above 60 percent in one-third. […] In addition to the rise in debt ratios, changes in the composition of debt have made many countries more vulnerable to sharp movements in financing conditions."[6]

Dependency theorists are concerned with the primary argument that "overdependence of economies on international economic conditions over which they have little control results in debt accumulation of crisis proportions."[7] Although it may be early to talk about a "crisis," an expression also used by Friedman and Snyder, it is certainly appropriate to note the emerging issues related to debt accumulation.[8] The Overseas Development Institute (ODI), for instance, points out that the number of those Sub-Saharan African countries (SSACs) that are struggling to service their debts, as they are called those in "debt distress", or are at "high risk of debt distress, has more than doubled since 2013"—meaning eighteen in all SSACs.[9] "According to the World Bank, at the end of 2016, African governments owed US$130 billion of debt to other governments."[10] As long as almost one fourth of African government external debt is owed to China, this makes the Asian giant "the largest single creditor nation, with combined state and commercial loans estimated to have been US$132 billion between 2006 and 2017."[11]

Table 1. Maximum amount of African government external debt owed to different creditors[12]

Creditor grouping	Total debt owed	% of external debt owed
China	US$100 billion	24%
Paris Club governments	US$ 40 billion	10%
World Bank	US$ 66 billion	16%
IMF	US$ 18 billion	4%
Other multilateral institutions	US$ 61 billion	15%
Private sector (excl. Chinese private sector)	US$132 billion	32%
Total	**US$417 billion**	*[Figures add up to 101 percent because of rounding]*

Source: Jubilee Debt Campaign 2018, p. 7.

The above-cited analyses and reports differ in their calculations (around US$10 billion difference is touched upon), as the World Bank may not include all debt to China in its figures.[13] As long as China "continues signing unconditional loans and contracts with a number of African states," there are worries and concerns—especially in countries and institutions of the Global North—that "Chinese loans would create a new wave of debt crisis for Africa."[14]

Friedman and Snyder underline that the "current situation resembles the African debt crisis of the 1980s. […] Over the past 10 years, amidst an environment of low global interest rates, African governments have likewise accumulated more debt."[15] There are marked differences, however, between the 1980s and today:

currently, more of SSA's debt is private debt as opposed to concessional debt connected to multilateral institutions more than three decades ago, together with the dominant arrival of an assertive China offering, as Friedman and Snyder call it, a new "bartering system: In return for investment capital and infrastructure development projects, some sub-Saharan African countries grant China resource concessions."[16] Some reports claim that China's massive loans financing infrastructure projects across the continent "can come with steep and opaque conditions."[17] In his article, Harris even talked about "Beijing's carefully laid debt trap," which the Chinese government obviously confidently rejected.[18] Laterza and Mususa placed a firm criticism against Western allegations of such a "debt trap" by stating: "It is a tragic irony that China is being blamed by the West for allegedly doing exactly what the IMF has been doing for decades: providing unsustainable loans to countries in need to further plunge them into debt, weaken state capacity and open up national economies to international investors (primarily from Western countries)."[19]

Recently, Deborah Brautigam underscored that the database of Johns Hopkins' SAIS "has information on about more than 1000 loans and, so far, in Africa, [no] examples [were seen] where the Chinese deliberately entangled another country in debt, and then used that debt to extract unfair or strategic advantages of some kind in Africa, including 'asset seizure'."[20] This latter statement has been echoed by leading experts including David Shinn, who in a recent report of the American Foreign Policy Council said that: "So far, China has not tried to seize assets from any African country that has failed to repay loans."[21] Therefore, although caution is required not to inflate the "debt trap," it is to be acknowledged that African debt is a concern, and in fact, in general "there are valid reasons for heightened concern about Chinese engagement."[22]

Loans and Geopolitical Repositioning Along the BRI

Trade dominates linkages along the Belt and Road (formerly called One Belt, One Road – OBOR): "the total trade between China and the OBOR nations in 2014-2016 has surpassed US$3 trillion, and China's investment in these nations has exceeded US$50 billion."[23] All these were supported by such tools as the Asian Infrastructure Investment Bank (AIIB), or the China's Silk Road Fund. In fact, with the BRI, China "hopes to develop a vast network of land and sea routes that will connect its export hubs to far-flung markets."[24] Thus, it lays the strongest emphasis in its foreign policy on exports that are "vital to its economic and political success" on the global stage.[25]

The Belt and Road Initiative is the ambitious vision of China to increase its connectivity also with the African continent, across which it has assertively managed gradually deeper engagements.[26] This is especially since the launch of the Forum on China–Africa Cooperation (FOCAC) in 2000 and the release of the first official China–Africa policy white paper in January 2006 respectively.[27] This is a composite geopolitical tool for enhancing China's positions globally, recently gaining ground in Africa substantially. After each FOCAC meeting triennially the scale of Chinese assistance for African development projects are redesigned resulting in more diverse commitments and a wider funding framework. At the last Beijing summit in September 2018, President Xi Jinping announced another US$60 billion assistance to

Africa, provided mainly by the government but also by companies, focusing on investment financing by interest-free loans and concessional loans.[28] The BRI is "China's way of addressing the infrastructure gap. […] It is widely seen as one of China's major overseas and economic policy goals which are likely to have a significant effect on Africa."[29] However, this has not been without adverse outcomes. Via infrastructure development projects, African states arguably enter dynamics that reproduce dependency—this time, from China.[30] While Africans also need to engage in meaningful trade, strategic thinking as well as actual strategies for cooperation on the African side seem to be weak or missing. For instance this is evident when we look at recent Chinese infrastructure developments and the responses and perceptions to these projects by locals in Ethiopia, Kenya, Tanzania, and Rwanda.[31] Attention needs to be directed towards the already mentioned approach of China to offer attractive loans that seem to indebt African governments to China over the long term. Nearly all the Chinese infrastructure funding in most African countries in the form of concessional loans has been channeled through the China EximBank (Chexim).[32] The major characteristics of such Chinese loans are listed in Table 2.

Fostering a "Going Global" strategy by 1999, China took confident steps to appear assertively on the international stage, which later offered a proper ground to launch its Belt and Road Initiative. The Chinese government explicitly urged both state-owned enterprises and private firms to penetrate local markets across the globe, taking advantage of a dynamic new phase of world trade and the hunger of developing regions for investments in infrastructure. President Xi Jinping's leadership has been pushing the new initiative built on the ancient first Silk Road network from the Han dynasty also with the aim to improve and strengthen its geopolitical position in its immediate neighborhood, as well as in a larger regional, global context. "At its 2017 National Congress, the Chinese Communist Party went so far as to enshrine a commitment to the initiative in its constitution—a signal that the party views the infrastructure project as more than a regular foreign policy."[33] According to the strategic advisory think tank China Policy, this global strategy also "frames China's ambitions for global leadership and cooperation."[34]

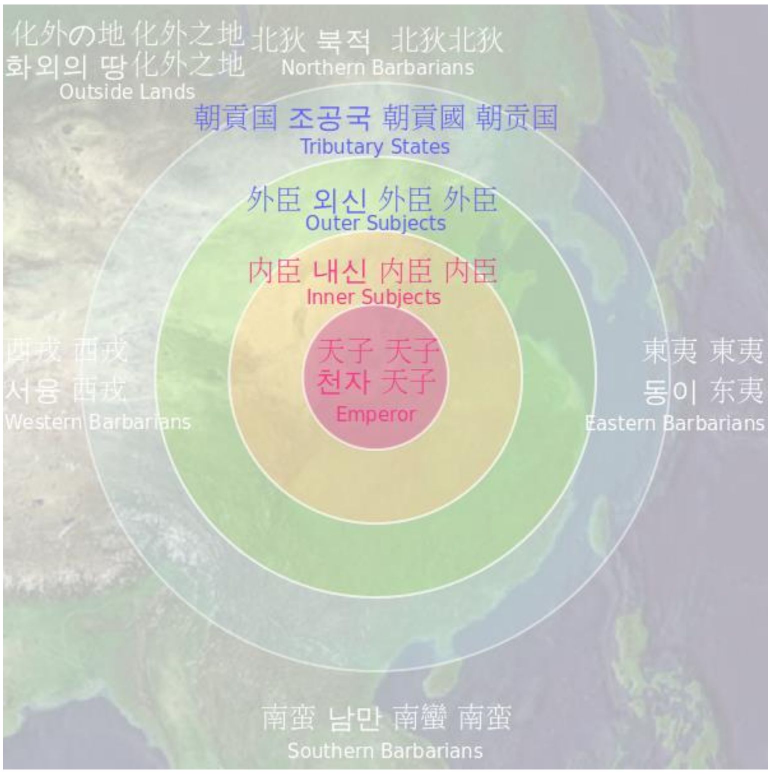
Table 2. The nature of Chinese concessional loans

Major characteristics	Chexim concessional loans
The deal structure	"Resources for infrastructure" (known as the "Angola mode"): repayment of the loan for infrastructure development is made in terms of natural resources (e.g. oil).[35]
Focus on	Providing preferred lines of credit to Chinese state-owned enterprises (SOEs) and foreign governments wishing to purchase 'Made in China' goods
Serving	The national interest by supporting the 'Go Global' strategy of the Chinese government
Terms and conditions	Agreed on a bilateral basis
Rates and time frames	On average, the loans offer an interest rate of 3.6 percent, a grace period of 4 years, and a maturity of 12 years. (Overall, this represents a grant element of around 36 percent, which qualifies as concessional.)
Requirements by China (tying of loans)	– A Chinese enterprise be selected as the contractor or exporter – No less than 50 percent of the equipment, materials, services, or technology needed to implement the project should be secured from China
Overall grant element	Often ranges from 10% to 70%

Source: Executive Research Associates (Pty) Ltd 2009, pp. 78–79.

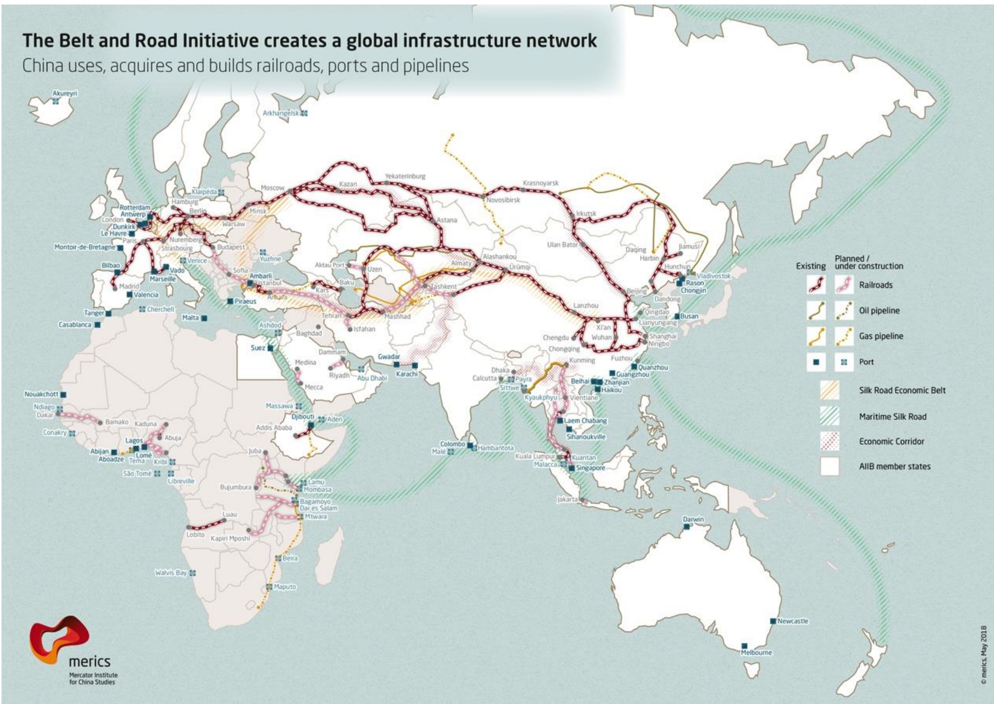
The ancient Chinese viewed the surrounding world and China's place and role in it as the "Middle Kingdom" at the core of the globe with subjects of the emperor and tributary states in its macro region, as well as the barbaric entities on the periphery (see Map 1), a view that has been reaffirmed with the BRI. Its connectivity network via the Silk Road Economic Belt and the Maritime Silk Road is clearly seen in geographic terms: positioning Beijing again as the center of gravity (see Map 2).

Map 1. The symbolic representation of the Middle Kingdom



Source: https://www.quora.com/Why-does-China-call-itself-中国-i-e-central-middle-kingdom-Other-countries-names-are-translated-to-Chinese-according-to-the-pronunciation

Map 2. Re-sewing the cobweb of connections: the BRI re-positions China



Source: MERICS 2018

A report published by China Policy in April 2017 summarizes the systematic and strategic developments of China's global expansion. After bidding farewell to the Mao-era mindset of self-reliance, later on gaining membership in the World Trade Organization (WTO) in 2001, and having experienced (and survived with confidence) the global financial crisis in 2008–10, China embarked on the BRI. It focuses on building up infrastructure, trade, investment, and human linkages across Eurasia, connecting almost all regions of the world to a—according to the Chinese government, "peacefully rising"—Middle Kingdom of the 21st century.[36] Africa is one of the target continents, where Chinese engagement has a long history by now.[37]

Large-Scale Transport Infrastructure Projects and the Developmental State: Light Rail in the Capital and Railway Connection to the Sea

The intention here is neither to systematically analyze the Ethiopian developmental state, nor to propose a new theoretical approach, rather to acknowledge the determining features of the existing model and use it as a framework of reference. At the same time, it is important to emphasize that there is a growing academic necessity to create a possible new framework embracing both "theoretical and methodological issues about how to advance the understanding of state-led structural transformation in Africa."[38]

Amidst a growing "China scare" across countries of the Global North, China has recently taken the forefront to build the sorely needed infrastructure that can enhance Africa's connectivity across global networks.[39] Indeed, from a debt perspective the "infrastructure-driven BRI has made infrastructure financing a key source of Sino-African debt."[40] Such an input about better and wider infrastructure is praised by substantial parts of local African populations. At the same time, the deals that finance such projects raise several questions, which the same local Africans often do not seem to be critically aware of. Their governments need to start to repay the "soft loans" provided by China, but in a growing number of cases their budgets struggle to cover them. Poku and Mdee rightly pointed out: "What matters is that a country has the capacity to repay. […] Debt service uses up foreign exchange (forex) from export earnings, so there is less forex available for imports that are necessary for growth and may be essential for social welfare, notably medicine. [… and] private investors will also be deterred by a country's large debt burden."[41] It is important to note that while African governments are obviously aware of debt obligations, paying up plans might be ambitious and difficult to execute. Also, as "debt continues to grow in Africa, it is probable that Africans will scrutinize credit lines from China more closely. If the opacity of debt deals between China and African governments continues, this might be met with home-grown sinophobic narratives."[42] In fact, this is the case already in several member states of the East African Community, such as in Kenya. Even more dependencies—also dependence on Chinese knowledge and technology, e.g. spare parts and maintenance in general, as part of the infrastructure projects—may therefore be reproduced from such scenarios. The rise of new dependencies has already been discussed by scholars such as Ian Taylor (2014), and in terms of a "sub-imperialist logic" of behavior, by Patrick Bond (2015) and Justin Van der Merwe (2016).[43]

There are numerous examples of the tangible manifestation of China's policy across Africa. Some recent large-scale projects have directed the spotlight on Ethiopia, where the Chinese presence has already been overwhelming: the first modern light railway (tram) system of Sub-Saharan Africa in the capital, Addis Ababa; or the Addis–Djibouti railway connecting the landlocked country to the maritime trade routes of the Gulf of Aden and the Red Sea aiming at improving the country's port access.[44] These need to be looked at acknowledging the main features of Ethiopia's developmental state, among which there is the construction of large projects, such as railways, highways, hydroelectric dams, and, more recently, the plan for the expansion of the capital city, known as the Addis Ababa Master Plan.[45] As of today, China is one of Ethiopia's most prominent and dominant partners, drawing upon decades of cooperation.[46]

In the 20th century, one of the first important moments of bilateral relations was the 1955 Asian–African Conference of Bandung, which contributed to the establishment of modern diplomatic ties between the two continents, and in particular, between Ethiopia and China. Following the trade, economic, and technical cooperation agreements of the early 1970's, Sino-Ethiopian economic cooperation "grew modestly and remained low until 1995," mainly due to the military rule in Ethiopia.[47] "Especially since 1995, the bilateral economic cooperation witnessed marked progress and rapid development in different areas."[48] Since the beginning of the new millennium and the launch of the FOCAC mechanism in 2000, bilateral collaboration has been significantly expanding. Although "China is generally popular in Ethiopia," local perceptions need to be distinguished from how the political elite and the government think about China. As Adem suggests, there is a "vertical Sino-optimism, which is the attractiveness of China to Ethiopia's rulers," and there is another "horizontal Sino-optimism, which is the attraction China commands among ordinary Ethiopians."[49] With increasing inbound Chinese migration tendencies at the same time, however, there is a gradually developing perception among certain groups of young people that there is already a sufficient cohort of Chinese individuals living and working in Ethiopia and local society does not really need more.[50] In addition, Jalata and Mathews report that, "there is a general lack of trust about the quality of Chinese products and services," and "there are also complaints among the locals that the Chinese people do not pay enough attention to their personal image."[51] All these are especially important to note for the sake of better understanding the presence of China in the daily Ethiopian realm, in particular, connected with large-scale infrastructure development projects.

Clapham underscores that "patterns of state authority are critical to the development process," and with Meles Zenawi's regime from 1991 on, the articulation of "an ideology of development that drew heavily on the East Asian model, while adapting it to Ethiopian circumstances" proved decisive.[52] The major inspiration for the Ethiopian "strong state" strategy was China.[53] Indeed it drew upon "China as the single most important source of inspiration, […] and placed its greatest emphasis on providing the infrastructural conditions necessary for industrial development at the hands of private entrepreneurs."[54] In the last couple of years, in particular, with the arrival of Primes Minister Abiy Ahmed, Ethiopia is trying to agree on investment deals with a number of countries and not only China. Kelsall confirms that the country "has received billions of dollars in investment from Saudi Arabian, Indian, and Chinese investors among others [in different sectors including] electronics and textiles, [but also channeled into] agro-processing, energy, infrastructure, tourism, and mining."[55] Diversification of foreign affairs has become a key to the Abiy administration. Although the trade and investment relationship with China has stayed robust, as Marks reports, also "Western economies have finally arrived at the table alongside China, the Gulf States and Russia, which have all been maneuvering for influence in Ethiopia since its economy started to boom about a decade ago. One of the most visible pledges came in 2018 through a US$3 billion package of aid and investment from the United Arab Emirates."[56]

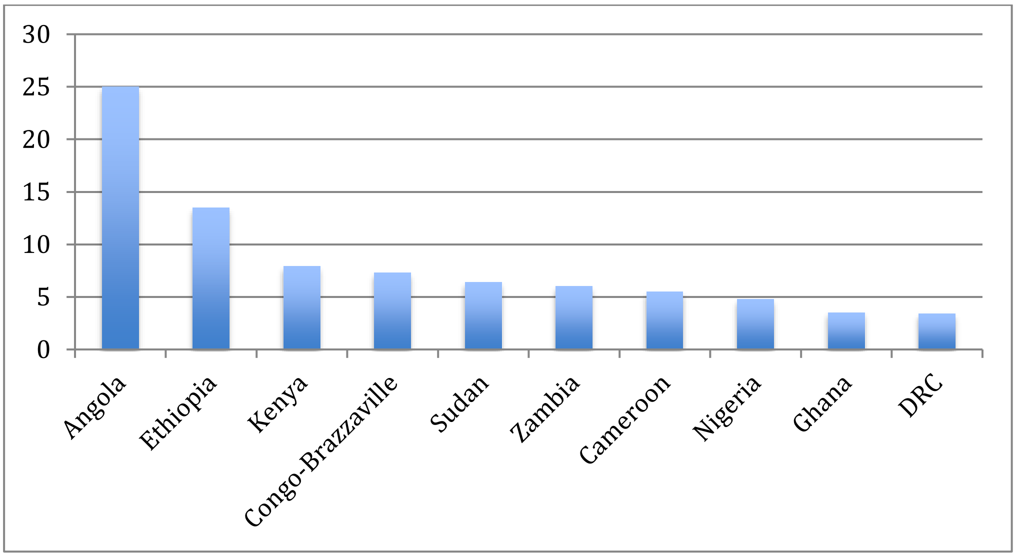
The construction of the light rail (tram) system started in December 2011 after securing funds from China's Export-Import Bank. The final cost of the railway was US$475 million, 85 percent of which was covered by a substantial concessional loan from Chexim. It took three years for the China Railway Group Limited (CREC – the parent company China Railway Engineering Corporation) to finish the two-line, 34.4km system. Trial operations started in February 2015, while the lines started to operate by September 20 and November 9, 2015 respectively. The original plan was to ease the overburdened traffic situation in the capital, but according to Tesfaye, it failed to do so.[57] The number of those using the tram—around 110,000 daily passengers in a city of around seven million inhabitants—shows it has limited relevance: with very low ticket prices, the train is comparable to the cost of a bus ride but the light rail is overcrowded and the network reaches only certain parts of the city. The number of trams should be increased, but according to the news and locals, the system is limited because of power issues and even with the recent number of trams it runs infrequently or with single cars. Promises were made to install a dedicated power grid, but even this fails to fully power the system.

In January 2019, part of the author's field research, while travelling extensively in Addis, the cars were still crowded; nearly half of the trains were not available for service; and the timetable was still accidental.[58] However, deep underneath something has changed: people have grown used to it. Although strategic planning about the complex utilization of such an infrastructure seems to be lacking or still vague, this urban rail has definitely started to attract investments close to the lines. Apartments, malls, businesses, and condos are being built, changing the landscape and revitalizing entire districts and helping small businesses. This is not surprising, as such a major infrastructure project can frequently function as core or pole of development encouraging other sectors to boost. Other examples can also prove this: because of their proximity to the Addis–Djibouti railway, two petroleum depots have been constructed and designed in the towns of Awash and Dukem respectively.[59] Improved connectivity and logistics, together with all possible engaging stakeholders, are the result of similar developments along other routes beyond the region, such as the Nairobi–Mombasa railway, or the Suez Canal corridor project.[60] In general, as Mohapatra underscored in a detailed cost-benefit analysis, benefits of such railway projects "will also come in terms of employment generation for unskilled labor during construction period, as well as to the skilled and unskilled professionals during the operation phase."[61]

The Addis–Djibouti railway is an almost 760-km railway connection between the capitals of Ethiopia and Djibouti, constructed between 2011 and 2016, financed by the Ethiopian Government and another Chexim loan. Details again are not quite clear, but according to the Ethiopian Embassy in Brussels 2016, the total construction budget reached US$4.5 billion, at least $0.5 billion more than was originally planned.[62] According to various sources, Exim Bank offered a loan of US$2.4 - 3 billion. In 2017, the Ethiopian Railway Corporation (ERC) faced financial issues without finishing the project and the connecting infrastructure on time. Anberbir reported that the ERC had a stunning US$3.7 billion debt at the end of 2016, and had already started to repay those loans before the railway connection was functional.[63] The ERC had "not only been unable to meet its loan repayments but also unable to front the remainder of the management fees for Chinese companies operating the railway."[64] As is the case with the Light Railway System, this railway is also operated by a Chinese company, in this case a consortium of two companies, CREC and the China Civil Engineering Construction Corporation (CRCC), which were responsible for the construction as well. Their job now is to operate and maintain the line, and to also train local personnel for an undisclosed fee until 2023.

This project, similar to the Light Railway System, has challenges to meet its original goals, which has financial consequences as well. While the light railway was mainly constructed to ease the traffic issues, this railway was built to help the landlocked country to reach maritime trade routes, also to import much needed fuel, as well to boost the economy—and get connected to the BRI network, too. Failing to generate the income to repay the loans might have negative consequences on the ERC and on the future projects as well, not to mention on the Ethiopian government. As Chiwanza emphasizes, all these Chinese infrastructural development projects in Ethiopia (too) "are coming at a heavy price."[65] Ethiopia is number two in the top ten most indebted SSA countries' list with an estimated Chinese debt of US$13.5 billion (see Graph 1). "The debt levels have slowed down some projects due to repayment issues, but there is now a new structure for these debts that makes it a little bit affordable for Ethiopia to repay."[66]

Figure 1. Estimated indebtedness of US$billion to China



Source: Chiwanza 2018, Onjala 2018

The issue of maintenance and sustainable management that produces income and can ease the burden of repayment may, however, come as a heavier cost. The "little bit of affordable to repay" scenario cannot really help the country to get rid of its looming debt distress, in particular, when previous examples in Southeast Asia, notably in Sri Lanka, as well as in neighboring Kenya, present tangible danger in losing ground. In the case of Sri Lanka, the government needed to sign over Hambantota Port on a 99-year lease after it could not meet its debt commitments.[67] It is important to underline, as Brautigam explains in detail, that the "evidence for this project being part of a Chinese master plan is thin."[68] The point here, however, is that inefficient companies cannot properly run such ventures, which further propels dependence on external borrowing. As Estaban also confirmed in the Hambantota case, the agreement "specified the creation of two public-private partnerships between China Merchants and the Sri Lanka Ports Authority, which would manage the Port's administrative and commercial operations."[69] This is expected to result in a more efficient run port and substantial further investments.

In the case of Kenya, it was reported that the port of Mombasa may be "lost" to the Chinese government "if Kenya Railways Corporation (KRC) defaults in the payment of Sh227 billion owed to Exim Bank of China," referring to a disputed report by Auditor-General Edward Ouko.[70] As in this latter case, also when reports were published about Zambia surrendering its Kenneth Kaunda International Airport to China for failing to meet its debt obligations, the government right away refuted such claims.[71] However the actual bilateral negotiations between the respective African and Chinese parties will end, all these draw more attention to a possible new dependency scenario, which African governments need to deal with and get better prepared to find answers. Even if, as recent reports indicate, China may forgive some of the African debt, as in the case of Cameroon, concerning a not-so-significant US$78 million sum. Critical voices say this is because China considers Cameroon as the gateway to the sub-regional market, which it wants to control.[72]

Conclusion

The arrival of Abiy Ahmed as Ethiopia's new prime minister in April 2018, along with numerous reforms in the country initiated by his government, seem to offer a more self-confident 'African agency' in terms of negotiating deals with the Chinese. In fact, the diversification of foreign relations, as well as looking beyond the Chinese state-led development model that the country has followed for years, have been put on the political agenda by allowing different options within the federal state.[73] "Deeper federalism could challenge certain elements of Ethiopia's Developmental State model, which has relied on centralised policy control and often prioritises national development schemes over local concerns."[74] At the same time, Clapham warns that, "Ethiopia has run a massive balance-of-payments deficit, with merchandise exports at about 20% of imports."[75] There is an enormous "quest for capital," which results in a "relentless search for 'rents.'" Clapham continues underlining that "the constant excoriation of 'rent-seeking' raises questions about the role of actors beyond the state in bringing about the boost in production that must ultimately be at the heart of the developmental enterprise."[76] While the developmental state has been obsessed with 'value creation,' i.e., unlocking development driven by the national interest, it has to keep infrastructure development high on the political agenda, as it lies in the heart of the developmental model.[77] With regard to our first question about how difficult the repayment of loans will be for Ethiopia, we have shown not only the nature of the struggle on the Ethiopian side, but also the efforts of the government to find the way out. In February 2019, Prime Minister Abiy happily announced that the government successfully renegotiated the repayment period for sixty percent of its external debt, a big chunk of it deriving from the construction of the Addis–Djibouti railway.[78] To turn the entire project into something financially more convincing, i.e. profitable, further extensions and supportive infrastructure will be needed.

Africa's prospects may be bright if there is proper connectivity into global structures, there are confidently managed societies, with improved leadership, and there is better governance. Many of the continent's countries have been fostering complex and intensive relationships with China, which have continuously deepened and strengthened since the founding of the People's Republic in 1949.[79] China has a clear and well-articulated strategic policy towards the continent, where countries partnering with China have yet to translate their recognition of China's importance into explicit China strategies.[80] China-built infrastructure projects are obviously welcomed by African governments. As for the Ethiopian rail projects, other analysis is also shown that they "occur with connectivity and integration. BRI projects [therefore] enhance linkages and connectivity in the [East African] region."[81]

The question frequently asked, however, will stay with us: Can the "African agency" decide what the best option is, and under what circumstances can any such development should take place? As Su argued, African states are likely to require more than just portions of their limited budgets to complete repayment.[82] We may not agree with Su's view on "a brand-new type of neocolonialism," but we can also point out African vulnerability, which is that in these cases in relation to Chinese infrastructure loans surely escalates African dependence on China. At the same time, as Ethiopia shows, state capacities can increase and the state itself can get stronger in choosing good and better deals by external actors.[83] To our second question we can confidently reply that China has been firmly contributing to building the badly needed infrastructure across the continent, and as a showcase country, in Ethiopia too. With several pitfalls, there come along numerous benefits, similarly to the case of other deals with other (Western) actors and practice. As Chen confirms, the Chinese concessions highlight a continuing debt-struggle, but they "also demonstrate the advantages and flexibility, that African governments can gain in working with China – if they can leverage it."[84] The major item here again is the strength and confidence of the "Africa agency" in any bargaining situation with any external actor. Former Tanzania President Jakaya Kikwete at a Chatham House conference again underscored that "Africa should and must exercise agency in international relations. […] We may be weak technologically, economically and militarily, but we are not helpless or hopeless."[85]

The Ethiopian case, at the same time, also presents some challenging scenarios both for African governments and local societies. Although the much-needed railway connections, together with the new ports and additional infrastructure developments, are all part of China's comprehensive 'Belt and Road' vision, they also enhance Africa's participation in global processes. More external development actors have been active across the continent, but it seems that China offers the easiest alternative. Many lessons, however, need to be learnt about how to manage disappointment and frustration, and how to demand proper behavior from any external actor on African soil. This can take us to some possible answers to our third question about the costs and benefits for both sides. So far, the BRI has not paid attention to such "soft" requirements. Recent eastern African examples will most probably push the Chinese government to seriously consider these aspect.[86] Also, it will likely become increasingly more reactive to avoid being associated with negative headlines and commit its business entities and citizens to behave.[87] At the same time, more careful and sound navigation among the different options available from different partners (also from Asia), together with more nuanced financial planning seemed to stay the preferred way forward for African development. With regard to the infrastructure projects particularly in Ethiopia, there are substantial losses registered for China, as "China's main project insurer, China Export and Import Credit Insurance Corporation, known as Sinosure, also said it had lost more than US$1 billion on the Ethiopian-Djibouti railway."[88] Together with this there are several benefits for the Asian giant, as around four hundred of its companies registered over twelve hundred investments in the 2017/18 financial year, which proves how attractive and financially viable the Ethiopian market is for China.[89] For Ethiopia, Chinese investments are needed for further development, and the Abiy Government has proven that it can overcome fears and weaknesses in terms of confidently renegotiating better conditions and deals with China.

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Notes

1 Nowak 2016, p. 143. and Statistics on China-Africa Trade in 2018, MOFCOM 2019, http://english.mofcom.gov.cn/article/statistic/lanmubb/AsiaAfrica/201901/20190102831255.shtml
2 MOFCOM 2019
3 World Bank 2016, p. 3.
4 General Administration of Customs of the People's Republic of China 2019.
5 General Administration of Customs of the People's Republic of China 2019.
6 World Bank 2019, p. 109.
7 Onjala 2018, p. 713.
8 Friedman and Snyder 2018.
9 Mustapha and Prizzon 2018, p. 2.
10 Jubilee Debt Campaign 2018, p. 5.
11 BBC News 2018.
12 As the JDC report underscores: "This is a maximum amount of debt owed to China, but we know that it is very likely to be an overstatement, because, even if all the loans recorded by CARI were disbursed in the year they were given: (1) There is bilateral debt owed to other non-Paris Club governments, particularly Middle-Eastern governments, not included in the table. (2) Some Chinese loans recorded by the China-Africa Research Initiative at John Hopkins University (CARI) are from the private sector rather than the state." Jubilee Debt Campaign, p. 7.
13 Jubilee Debt Campaign, p. 7.
14 Onjala 2018, p. 714.
15 Friedman and Snyder 2018.
16 Jubilee Debt Campaign, p. 7.
17 Harris 2018.
18 Harris 2018..
19 Laterza and Mususa 2018.
20 Brautigam 2020, p. 6.
21 Shinn 2019, p. 10.
22 Brautigam 2019, p. 1.
23 Ehizuelen 2017, p. 342.

24 Yan 2019, p. 40.
25 Yan 2019, p. 40.
26 Many would still not see this as a "new grand strategy", as Callahan 2016 suggests, but rather a vision, which may turn into a properly established, full-fledged strategy.
27 See: Eisenman and Kurlantzick 2006, p. 221.
28 See: Xinhua, September 3, 2018.
29 Xinhua, September 3, 2018.
30 See Taylor 2014.
31 For more, see Tarrósy 2019, pp. 171–73.
32 Onjala 2018, p. 721.
33 Yan 2019, p. 42.
34 China Policy 2017, p. 3.
35 This, in actual terms, means that oil was used as a guarantee for the payment of credit lines. In March 2019, President João Lourenço made it clear that the government of Angola planned to stop this form of guarantee. See: MACAUHUB 2019. "Though commodity-backed loans were not created by China – leading Western banks were making such loans to African countries, including Angola and Ghana, before China Eximbank and Angola completed their first oil-backed loan in March 2004 – but the Chinese built the model to scale and applied it using a systematic approach." See: Yun 2014.
36 China Policy 2017, p 7.
37 Among the numerous volumes on this topic see: Taylor 2006, Alden 2007, Li 2017.
38 See: Ovadia – Wolf 2018. This part is based upon two field research projects in January 2018 and January 2019, and draws upon Tarrósy and Vörös 2018a, 2018b, 2019.
39 Zakaria 2020, p. 52.
40 Were 2018, p. 3.
41 Poku and Mdee 2011, pp. 30-31.
42 Poku and Mdee 2011, p. 9.
43 Taylor 2014, Bond 2015, and Van der Merwe 2016.
44 See Tarrósy and Vörös 2018a, 2018b, together with Tarrósy 2019. Here, I have to add a personal note on why selecting Ethiopia for my case study. As a Central European Africanist, I have been following Hungary's engagements in Africa – both during Soviet times and in the post-Soviet era. The Budapest-based company Dunai Repülőgépgyár Magyarország Kft. [Danubian Aircraft Hungary Limited Liability Company] (see: www.danubian.hu/en/) was originally bidding for providing the trams for the light rail project. It seemed that they might be favored by the Ethiopian tender, they even produced the prototypes in Addis, then, finally the Chinese CREC was selected for the job.
45 Záhořík 2017, p. 259.
46 About the different periods of Sino-Ethiopian relations, see Adem 2012.
47 Jalata and Mathews 2017, p. 75.
48 Jalata and Mathews 2017, p. 76.
49 Adem 2012, p. 154.

50 This was a profoundly articulated view of students at Mekelle University during a group discussion held in January 2018.
51 Jalata and Mathews 2017, p. 82.
52 For more about the Chinese example for Meles see Fourie 2015.
53 See: De Waal 2012, mentioning that: “South Korea and Taiwan were Meles’ favorite examples of developmental states,” and “China’s rise […] made space for alternatives.”
54 Clapham 2018, p. 1155.
55 Kelsall 2013, p. 107.
56 Marks 2020.
57 Tesfaye 2015.
58 For more see Tarrósy and Vörös 2019.
59 See Mangste 2018.
60 For more see Edinger and Labuschagne 2019.
61 Mohapatra 2016, p. 11389.
62 https://ethiopianembassy.be/railway-development-in-ethiopia/
63 Anberbir 2017.
64 Franceschi 2019.
65 Chiwanza 2018.
66 Chiwanza 2018.
67 See Byrnes 2018.
68 Brautigam 2019.
69 Estaban 2018.
70 See Mwere 2018.
71 See Lusakatimes.com 2018.
72 See Rahman 2019.
73 See e.g., Benaim 2019.
74 Davison 2018.
75 Clapham 2018, p. 6.
76 Clapham 2018, p. 6.
77 De Waal 2012, p. 153.
78 See Kiruga 2019.
79 Stewart and Li 2014, p. 24.
80 Omondi 2018, referring to a 2017 McKinsey report
81 Fowler 2019, p. 174.
82 Su 2017.
83 See Marsai 2018.
84 See Chen 2019.
85 Kikwete 2019, p. 2.
86 See more of these in Tarrósy 2019.
87 Rebol 2010, pp. 174–75.
88 See Kiruga 2019.
89 See Kiruga 2019.