

Research Article

# The Role of Chinese Manufacturing Industries in Enhancing Economic Diplomacy Between Ethiopia and China

**Fikadie Damtie Yiblet\***

Department of Political Science and International Relations, University of International Business and Economics, Beijing, China

## Abstract

This study aims to investigate the impact of Chinese manufacturing investments on Ethiopia's economic diplomacy, focusing on industrialization, skills development, and trade relations. The objectives include analyzing the role of Chinese investments in Ethiopia's industrial growth, assessing the effectiveness of trade and investment agreements, and exploring the alignment between economic diplomacy and Chinese manufacturing. A qualitative approach was employed, utilizing interviews, focus group discussions, and document analysis. Key stakeholders from government ministries, Chinese companies, and industry experts were interviewed to gather insights. The study also reviewed trade and investment agreements between Ethiopia and China, along with relevant policy documents. Data triangulation ensured the reliability and validity of findings. Chinese manufacturing investments have significantly contributed to Ethiopia's industrial development, introducing advanced technology and knowledge transfer agreements. This has enhanced Ethiopia's competitiveness and aligned with its aspirations for middle-income status. Skills development programs initiated through Chinese investments have improved worker productivity and the overall industrial ecosystem. Trade and investment agreements facilitated by Ethiopia have expanded market reach for Ethiopian products, supporting the nation's industrialization goals and aligning with China's strategies. The study concludes that Chinese manufacturing investments have reshaped Ethiopia's economic landscape, fostering industrial growth, skills development, and enhanced trade relations. This symbiotic relationship underscores the importance of strategic economic engagements in achieving broader development objectives and strengthening diplomatic ties. Recommendations include diversifying industries, enhancing skills transfer, and fostering sustainable economic practices.

## Keywords

Economic Diplomacy, Manufacturing, Ethiopia, China, Industrialization, Skills Development

\*Corresponding author: Damtiefikadie@yahoo.com (Fikadie Damtie Yiblet), Fikadiedamtie7@gmail.com (Fikadie Damtie Yiblet)

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## 1. Introduction

### 1.1. Background

Ethiopia and China's historical ties, dating back to ancient times, lay the foundation for their modern economic and diplomatic relations. The Axumite Empire's trade networks positioned Ethiopia as a crucial link between Africa, the Middle East, and India, demonstrating its strategic importance [60]. This historical resilience was exemplified during the Battle of Adwa in 1896, showcasing Ethiopia's sovereignty amidst European colonial pressures and setting the stage for its contemporary diplomatic engagements.

Formal diplomatic relations between Ethiopia and China were established in 1970, with Ethiopia emerging as an early African nation to recognize the People's Republic of China. As the Cold War era ended, Ethiopia diversified its economic partnerships, with China emerging as a key player emphasizing infrastructure, trade, and manufacturing investments [44]. Chinese involvement in Ethiopia's economic landscape began in the late 20th century, marked by projects such as roads and a textile factory [50]. These initial ventures laid the groundwork for deeper economic collaborations, coinciding with China's rise as Africa's largest trading partner in the early 21st century. Ethiopian economic reforms, particularly under the Growth and Transformation Plans (GTP), aligned well with China's economic strengths, emphasizing the significance of Chinese manufacturing industries within Ethiopia [78]. Key to this economic diplomacy has been the role of Chinese manufacturing in infrastructure development. China's Belt and Road Initiative (BRI) has led to the construction of vital infrastructure like roads, railways, and industrial parks in Ethiopia. These projects not only bolstered Ethiopia's transportation network but also facilitated growth in the manufacturing sector.

Furthermore, Chinese investments in Ethiopian manufacturing have catalyzed job creation and technology transfer. Textile factories, for example, have provided employment for thousands of Ethiopians while transferring valuable skills. This aligns closely with Ethiopia's goals for industrialization and economic development.

The economic integration between Ethiopia and China has deepened through enhanced trade relations. Ethiopia exports raw materials like leather and agricultural products to China, while importing manufactured goods. This balanced trade dynamic has not only addressed Ethiopia's trade deficit but has also fostered a mutually beneficial economic partnership.

In conclusion, the role of Chinese manufacturing industries in bolstering economic diplomacy between Ethiopia and China is paramount. These investments, from infrastructure development to job creation and trade relations, have significantly contributed to Ethiopia's economic growth and industrialization. As both nations continue to strengthen their ties, the partnership between Chinese industries and Ethiopia is poised to shape the future of both economies positively.

In exploring the role of Chinese manufacturing industries in Ethiopia and their contribution to the effectiveness of economic diplomacy, several specific research questions guide this investigation. Firstly, an inquiry into the nature and extent of involvement of Chinese manufacturing industries in Ethiopia is essential. This question aims to delve into the various sectors and projects where Chinese manufacturers have established a presence within Ethiopia's economic landscape. Secondly, the impact of Chinese manufacturing industry engagement on the effectiveness of economic diplomacy between Ethiopia and China will be assessed. This includes examining how these activities influence trade agreements, investment flows, and strategic partnerships between the two nations. Thirdly, the study seeks to understand the specific ways in which Chinese manufacturing industries contribute to the economic partnership between Ethiopia and China, focusing on areas such as job creation, technology transfer, and industrial development. Lastly, the research aims to uncover the role played by Chinese manufacturing industries in fostering diplomatic relations between Ethiopia and China, exploring how these industries act as a bridge for cultural exchanges, policy dialogues, and mutual understanding. Through these focused inquiries, the study aims to provide a comprehensive understanding of the multifaceted role of Chinese manufacturing industries in Ethiopia's economic diplomacy with China.

### 1.2. Statement of Problem

The role of Chinese manufacturing industries in enhancing economic diplomacy between Ethiopia and China involves a nuanced interplay of economic, political, and strategic interests. Manufacturing stands as a crucial driver of both economic growth and diplomatic engagements, making it essential to understand how Chinese manufacturing activities intersect with Ethiopia's economic landscape [71]. However, a gap exists in scholarly understanding regarding the specific mechanisms through which Chinese manufacturing investments influence economic diplomacy between the two nations [51].

The central problem statement of this research is: What are the specific ways in which Chinese manufacturing industries contribute to economic diplomacy between Ethiopia and China, and how do these interactions shape bilateral relations, trade dynamics, and strategic interests? Addressing this problem necessitates a comprehensive analysis of various dimensions of economic diplomacy, including technology transfer, job creation, infrastructure development, and the broader geopolitical implications of China's manufacturing investments in Ethiopia [26].

This study aims to provide policymakers, diplomats, and scholars with actionable insights into optimizing the role of manufacturing in fostering mutually beneficial diplomatic

relations between Ethiopia and China [86]. To examine the engagement of Chinese manufacturing industries in Ethiopia and assess their contribution to the effectiveness of economic diplomacy.

## 2. Literature Review

### 2.1. Overview of Economic Diplomacy

The role of Chinese manufacturing industries in enhancing economic diplomacy between Ethiopia and China is situated within the broader framework of economic diplomacy, a multifaceted aspect of international relations. Economic diplomacy, as defined by scholars like [70, 71], involves the strategic use of economic tools to achieve diplomatic objectives. This instrumental approach to foreign policy emphasizes the utilization of economic instruments to promote a nation's interests abroad. It encompasses a wide array of activities, ranging from trade negotiations to investment collaborations, reflecting the dynamic and evolving nature of global economic interactions [15].

The historical roots of economic diplomacy, seen in ancient practices of utilizing diplomatic channels for economic purposes by civilizations such as the Phoenicians and the Han Dynasty in China, highlight its longstanding significance [45]. Today, economic diplomacy operates at the intersection of international economics and public policy, embodying the use of economic resources to induce changes in other countries' policies [13]. This involves trade negotiations to secure favorable agreements, investment collaborations to stimulate growth and technology transfer, as well as the strategic use of sanctions or incentives to influence behavior.

In the context of Ethiopia and China, understanding the role of economic diplomacy is crucial for unpacking the complexities of their economic relations. The Belt and Road Initiative, Chinese investments in Ethiopian infrastructure, and broader economic collaborations underscore how economic diplomacy manifests in practical terms [7]. This study seeks to explore specific questions regarding the nature of Chinese manufacturing industry involvement in Ethiopia, the impact on economic diplomacy effectiveness, contributions to the economic partnership, and the role in fostering diplomatic [76, 77]. By delving into these questions, the research aims to provide insights into how Chinese manufacturing industries contribute to the broader economic and diplomatic ties between Ethiopia and China, within the framework of economic diplomacy's dynamic and strategic landscape.

### 2.2. Ethiopia-China Economic Relations: Historical Context and Previous Studies

The economic relations between Ethiopia and China are deeply rooted in history, marked by centuries of diplomatic

engagements, trade networks, and geopolitical shifts. Ethiopia's strategic position as a hub in ancient trade routes, exemplified by the Axumite Empire's connections to Africa, the Middle East, and India, set the stage for enduring economic ties [60]. The Battle of Adwa in 1896, a symbol of Ethiopia's sovereignty amid European colonial pressures, further solidified its historical resilience. Ethiopia's alignment with the Soviet bloc during the Cold War showcased pragmatic economic diplomacy, transitioning to a multipolar world where China emerged as a key partner in infrastructure, trade, and investment [44].

The 21st century marked a significant intensification of Ethiopia-China ties, with Ethiopia becoming a crucial partner in the Forum on China-Africa Cooperation (FOCAC). Commitments made during FOCAC summits aimed at enhancing bilateral trade, cultural exchanges, and capacity-building initiatives reflected a transu"formative phase in their economic relationship [49]. This historical backdrop, blending Ethiopia's trade and cultural heritage with China's Silk Road connections, lays the foundation for a nuanced understanding of their contemporary economic partnership.

Previous studies have provided valuable insights into various aspects of the Ethiopia-China economic relationship. Researchers have explored Ethiopia's economic liberalization policies and the impact on attracting Chinese investments, highlighting China's role in the country's transition from socialist-oriented policies to market principles [41]. Infrastructure development, often supported by Chinese investments, has been a focal point of research, with studies analyzing projects such as the Addis Ababa-Djibouti Railway and the Hawassa Industrial Park [78]. Challenges in the Ethiopia-China economic relationship, such as trade imbalances, have also been examined. The predominance of Ethiopian exports being raw materials and imports of Chinese finished goods has raised concerns about sustainable economic development [24]. Moreover, scholars have delved into the implications of China's financing of infrastructure projects, evaluating debt sustainability and potential risks of debt-trap diplomacy [20]. The body of previous research offers a comprehensive understanding of the evolving economic dynamics between Ethiopia and China. However, as the economic landscape continues to evolve, ongoing research remains crucial to capture emerging trends, address challenges, and identify opportunities in their bilateral economic relations. This historical and scholarly context provides a solid foundation for policymakers, academics, and practitioners involved in navigating the diplomatic and economic spheres between Ethiopia and China in the 21st century.

### 2.3. Conceptual Framework

The conceptual framework for analyzing the role of Chinese manufacturing industries in enhancing economic diplomacy between Ethiopia and China integrates several theoretical perspectives: Economic Diplomacy Framework, Realism,

Dependency Theory, Liberalization Theory, Institutional Theory, and Political Economy. These theories elucidate the interplay of economic interests, power dynamics, and institutional factors in shaping diplomatic relations within the context of manufacturing cooperation between the two countries.

## 2.4. Theoretical Basis

Economic diplomacy involves the strategic use of economic tools to advance national interests internationally [36]. In the case of Chinese manufacturing industries in Ethiopia, it includes promoting trade, investment, and technological cooperation for mutual benefit.

Realism emphasizes power dynamics and states' pursuit of self-interest in international relations [59]. In this context, it highlights China's strategic motives such as acquiring resources, markets, and geopolitical influence through economic engagement in Ethiopia.

Dependency Theory focuses on unequal power relations between developed and developing countries, emphasizing potential risks of exploitation [38]. It calls for equitable partnerships and sustainable development outcomes in Chinese manufacturing investments in Ethiopia.

Liberalization Theory advocates for removing barriers to trade and investment for economic growth [16]. In the Ethiopia-China manufacturing cooperation, it emphasizes the role of liberalized policies in facilitating Chinese investments and promoting economic integration.

Institutional Theory highlights the role of institutions in shaping economic behavior and outcomes [61]. Transparent and accountable institutions are crucial in facilitating investment, ensuring compliance, and managing risks in Ethiopia-China manufacturing relations.

Political Economy examines how politics and economics interact, analyzing the implications of policies and ideologies on economic outcomes [44]. In Ethiopia-China manufacturing relations, it sheds light on the distribution of costs and benefits, power struggles, and policy implications of Chinese investments.

## 2.5. Key Variables

**Chinese Manufacturing Industries in Ethiopia** The decision of Chinese manufacturers to invest in Ethiopia's manufacturing sector shapes economic diplomacy. Factors like market access, labor costs, and government incentives influence the scale and nature of these investments.

**Labor Impact** Chinese investments create job opportunities for Ethiopian workers, contributing to employment and skill development. However, issues such as labor rights and working conditions also influence the social implications of these operations [8]. **Skills and Technology Transfer** Chinese investments often include training programs and technology transfers, aiming to enhance Ethiopian capabilities and productivity. The effectiveness of these mechanisms impacts

long-term development outcomes [23].

**Trade and Investment Agreements** Bilateral agreements and investment incentives create a conducive environment for Chinese companies. The terms of these agreements influence investment decisions and economic diplomacy between the two countries [81].

**Economic Diplomacy Alignment** The alignment of economic diplomacy objectives with Chinese manufacturing interests shapes bilateral relations. The degree of alignment impacts the effectiveness of economic cooperation and mutual benefits [6]. This framework provides a comprehensive understanding of the multifaceted nature of Chinese manufacturing investments in Ethiopia. It highlights their implications for economic diplomacy, development cooperation, and bilateral relations between China and Ethiopia.

## 3. Methodology

The methodology employed in investigating the effectiveness of economic diplomacy between Ethiopia and China emphasizes transparency, replicability, and a qualitative approach to capture the nuances of this complex relationship. Recognizing the importance of research methodology in academic inquiry [29], the article opts for a qualitative method due to the intricate nature of economic diplomacy, influenced by cultural, historical, and personal factors [31].

Data collection methods include interviews, focus group discussions (FGDs), direct observations, and integration of secondary sources such as scholarly articles and government reports. This approach aims to provide a comprehensive view of economic diplomacy between the two nations.

The research design focuses on unraveling the intricate dynamics and narratives, utilizing a case study approach to explore specific instances impacting the diplomatic relationship [67]. Content analysis, interviews, FGDs, and case studies are integrated to offer a holistic understanding.

Purposive sampling is employed to ensure participants possess intricate knowledge and diverse perspectives on Ethiopia-China economic diplomacy. Criteria for selection prioritize expertise, experience, and diversity, aiming for a comprehensive representation of stakeholders [29].

Thematic analysis serves as the cornerstone of data analysis, offering a systematic approach to identify and analyze patterns within the data [18]. Content analysis and triangulation are also used to enhance credibility and depth.

In conclusion, the research methodology employed in this study aligns with the complexities of economic diplomacy between Ethiopia and China. The qualitative approach, diverse data collection methods, and ethical considerations form a robust foundation for insightful and credible findings, contributing to a deeper understanding of economic diplomacy dynamics.



## 4. Demographic Data Analysis

The demographic data analysis in this study provides a comprehensive overview of the participants involved, shedding light on the diverse perspectives that enrich the understanding of economic diplomacy between Ethiopia and China. Participants, ranging from P1 to P37 in interviews and focus group discussions (G1-G4), are pivotal contributors, not just statistical representations. Their demographic attributes such as age, gender, education, professional tenure, and affiliations add depth to the discourse, reflecting the broader Ethiopian societal fabric [29].

In qualitative research, participant demographics are crucial for interpreting findings. This study includes participants aged 35 to 58, ensuring a mix of mid-career professionals and veterans. The gender distribution of 30 males and 7 females offers insights into traditionally dominated professional environments, while the majority hold Master's degrees or Ph.Ds. indicating high academic proficiency. Varied work experience ensures a blend of fresh perspectives and time-tested strategies, coming from diverse institutions with unique challenges and priorities [31].

Insights from focus groups reveal nuanced perspectives from key ministries:

G1 (Ministry of Industry) emphasizes technological transfer and capacity building, going beyond transactional engagements. G2 (Ministry of Infrastructure Development) reflects polarized discussions on the advantages and challenges of Chinese investments in infrastructure. G3 (Ministry of Foreign Affairs) highlights cultural understanding, advocating for diplomacy rooted in mutual respect. G4 (Ministry of Trade) discusses trade imbalances, hinting at concerns and the need for diversifying exports [18].

The one-on-one interviews provide intimate insights into various perspectives:

- 1) Relevant working experience traces the chronological evolution of Ethiopian-Chinese relationships, balancing historical context and contemporary challenges.
- 2) Insights from key government departments and opposition parties offer a balanced understanding beyond political leanings.
- 3) Perspectives from different ministries provide a broad national outlook, reflecting policy directives, economic viability, and development goals.
- 4) Perspectives from Chinese construction companies offer insights into on-ground challenges, technology transfer issues, and perceptions of the Ethiopian working environment.
- 5) Economic analysts contribute quantitative depth, complementing the qualitative study with data-driven insights into trends, challenges, and opportunities.

Thematic analysis of the data reveals several key themes:

- 1) Labor Impact of Chinese Manufacturing Industries in Ethiopia
- 2) Labor Impact of Chinese Manufacturing Industries in

Ethiopia

- 3) Trade and Investment Agreements Attracting Chinese Manufacturers to Ethiopia
- 4) Economic Diplomacy Alignment and Influence of Chinese Manufacturing in Ethiopia

## 5. Findings

### 5.1. Chinese Manufacturing Industries Establishing Operations in Ethiopia

The findings of the study on the role of Chinese manufacturing industries in enhancing economic diplomacy between Ethiopia and China reveal significant implications for both countries. The establishment of Chinese manufacturing operations in Ethiopia aligns with Ethiopia's ambition to become a manufacturing hub, focusing on sectors such as textiles, apparel, steel, electronics, and consumer goods [69]. Chinese investments in sectors like steel production aim to integrate Ethiopia into global markets and potentially position it as a regional exporter [14]. Additionally, Chinese engagement in renewable energy manufacturing supports Ethiopia's green economy strategy [30].

Economic diplomacy, facilitated by initiatives such as the Belt and Road Initiative (BRI), extends beyond economic gains to include geopolitical presence [48]. This partnership emphasizes long-term sustainability and strategic alignment with development goals [52]. The engagement of Chinese manufacturing industries in Ethiopia showcases the complex interplay between economic strategies, international relations, and sustainable development, solidifying Ethiopia's role as a strategic partner for China in Africa and reflecting China's evolving global economic role.

The study highlights transformative changes in economic diplomacy, with Chinese investments exceeding \$2 billion. Projects like the Omo-Kuraz and Kesem Sugar Factories, funded by Chinese institutions, underscore China's role in enhancing Ethiopia's industrial capabilities. Collaborations in ventures like the 3rd Muger Cement Factory Expansion demonstrate China's comprehensive approach to industrial development, though challenges such as project suspensions indicate complexities [69].

This partnership reveals the intertwined nature of economic aims and geopolitical realities, necessitating adaptable strategies. Despite setbacks, these projects significantly impact Ethiopia's infrastructure and employment landscape, providing a roadmap for sustained bilateral engagement. The Ethiopia-China cooperation represents a convergence of economic, political, and social dynamics, marking a new era in economic diplomacy. As Ethiopia navigates global dynamics, this partnership offers a model for future collaborations, aligning China's economic strategies with Africa's developmental aspirations, contingent upon effective risk management and a commitment to sustainable growth.

**Table 1.** Ethiopia- China Cooperation Major Project in Industry (Manufacturing).

No	Project Title/Sector	Financing Modality	Currency	Loan/Grant Amount	Financer	Contractor	Current status	Remarks
Industry (Manufacturing)								
1	Omo- Kuraz 2 Sugar Factory	Loan	USD	290.00	CDB	China Complete Plant Import and Export Corporation (COMPLANT)	Completed	operationalized since 2020
2	Omo- Kuraz 3 Sugar Factory	Loan	USD	290.00	CDB	COMPLANT	Completed	operationalized since 2020
3	Kesem Sugar Factory	Loan	USD	123.00	CDB	COMPLANT	Completed	operationalized since 2019
4	3rd Muger Cement Factory Expansion	Loan	USD	90.98	EXIM		Completed	operationalized since 2012
5	Special Facility Small and Micro Entrprice	Loan	USD	25.00	CDB		Completed	
6	Small and Micro Finance Supplay Loan	Loan	USD	30.00	CDB		Completed	
7	Omo-5 Sugar Factory	Loan	USD	550.00	ICBC	Jiangxi Jianglian International En-ginering Co.LTD. (JJIECO)	Under Con-struction	ICBC suspended the disbursement for the last two years.
8	Wolkait Sugar Factory	Loan	USD	500.00	EXIM	CAMCE	Under Con-struction	98% of the project had been executed, neverthles the re-maining work has been suspended since November 2020 due to security issues
9	Belese Sugar Factory	Central Treasury	USD	95.00	Ethiopian Government	CAMCE	Completed	Under Commission-ing
10	Adama (Ethiopia-Hunnan) Machinery and Equipment Manu-facturing Industrial park project	Loan	USD	262.26	EXIM	CGCOC	The con-struction is not yet start-ed	The Ethiopian gov-ernment and CGCOC waiting the lender bank and investors commit-ment to proceed the project construction
11	Total			2,255.26 USD				

Source: MOFED (2023), China cooperation division.

## 5.2. Labor Impact of Chinese Manufacturing Industries in Ethiopia

The expansion of Chinese manufacturing industries in Ethi-

opia has brought about significant transformations in the labor market, effectively addressing unemployment challenges and fostering skill development with investments exceeding \$2 billion, particularly in sectors like textiles and apparel, Chinese firms have created numerous employment opportunities [34].

Prioritizing the hiring of local workers and offering training programs, these industries have contributed to enhancing the skill set of the Ethiopian workforce [2].

Emphasis on adherence to fair labor practices and Ethiopian standards has been notable, ensuring that the labor impact aligns with local regulations [66]. Insights from focus groups highlight the broader impacts, including the expansion of the job market, introduction of modern production techniques, enhancement of technical knowledge, and investment in human capital. These initiatives not only align with Ethiopia's economic development goals but also serve China's strategic interests.

The partnership between China and Ethiopia demonstrates a multifaceted approach to economic diplomacy, fostering mutual benefit and knowledge transfer [33]. Despite challenges such as balancing economic objectives with geopolitical realities, this collaboration provides a model for leveraging foreign investment to catalyze comprehensive economic development. Discussions between Ethiopia and China emphasize the importance of responsible foreign investment practices and worker welfare in fostering sustainable growth [10].

Chinese manufacturing investment has significantly impacted Ethiopia's labor market and economic diplomacy, leading to job creation across various sectors and strengthening bilateral relations [5]. Skills development initiatives are in alignment with Ethiopia's goals and demonstrate China's commitment to building local capacity. However, the varied impact on labor standards raises considerations regarding labor rights and the perception of Chinese investments. Economic diversification driven by these industries supports Ethiopia's long-term stability, while local community engagement enhances China's image as a contributor to Ethiopia's development.

In conclusion, Chinese manufacturing investments have brought positive transformations to Ethiopia's labor market, evidenced by increased job creation, improved labor practices, and enhanced skill development [5]. This transformation underscores a collaborative approach to economic diplomacy, where trade and investment align with broader development objectives. The partnership between China and Ethiopia exemplifies the potential for foreign investment to drive socio-economic progress and mutual benefit.

**Table 2.** *The labor impact of Chinese manufacturing industries in Ethiopia.*

Labor Impact Aspect	Impact on Ethiopia's Labor Market	Effectiveness in Economic Diplomacy
Job Creation	Significant job creation in various sectors, reducing unemployment.	Demonstrates the tangible benefits of the Ethiopia-China partnership, strengthening bilateral ties.
Skills Development and Training	Training programs enhancing the skill set of Ethiopian workers, increasing productivity.	Aligns with Ethiopia's development goals and China's commitment to capacity building.
Labor Standards and Working Conditions	Varied impact on labor standards, with concerns over working conditions in some projects.	Raises important questions about labor rights, influencing the perception of Chinese investments.
Economic Diversification	Contributes to the diversification of Ethiopia's economy, reducing reliance on traditional sectors.	Supports Ethiopia's long-term economic stability and growth.
Local Community Engagement	Engagement with local communities, fostering socio-economic development.	Enhances China's image as a contributor to local development, fostering goodwill.

Source: Survey, (2023)

### 5.3. Enhancing Skills and Technology Transfer Through Chinese Manufacturers in Ethiopia

The impact analysis of Chinese manufacturing investments in Ethiopia reveals significant contributions to the nation's economic development and workforce enhancement. Firstly, the introduction of advanced technology through these investments has propelled Ethiopia into modern manufacturing practices, enhancing production quality and enabling local industries to compete internationally [3]. This

technological infusion aligns with Ethiopia's goal of achieving middle-income status and signifies a leapfrogging effect in industrialization [82]. Secondly, the inclusion of technology transfer agreements within Chinese investments signifies a strategic move towards knowledge-intensive operations, essential for sustainable development and industrial growth [85]. Thirdly, the focus on technical skills acquisition reflects Ethiopia's commitment to human capital development, fostering a more resilient and adaptable workforce [58].

The pivotal role of Chinese industries in improving local skills is essential for Ethiopia's economic transformation [65]. Robust training programs not only enhance individual worker productivity but also contribute to the sophistication of the

industrial ecosystem [9]. This aligns with sustainable development goals, particularly in the areas of quality education and decent work. Moreover, the acquisition of modern techniques by Ethiopian workers enhances the country's industrial competitiveness, potentially revitalizing existing industries [25]. Chinese manufacturing investments represent a transformative phase in Ethiopia's economic narrative, showcasing a nuanced approach to economic diplomacy focused on technology transfer and human capital development [21, 5]. This strategic alignment mirrors Ethiopia's aspirations for industrialization and economic diversification, marking a significant shift in the country's economic landscape. It signifies a blend of foreign policy and economic strategy, redefining Ethiopia's global economic role and its position in Africa-China relations.

In conclusion, Chinese manufacturing investments in Ethiopia have initiated a notable shift in the country's industrialization journey. Through the introduction of advanced technology, facilitation of skill transfer, and investment in comprehensive training programs, these investments are reshaping Ethiopia's manufacturing sector and aligning with the nation's economic development objectives. The multifaceted benefits encompass technological advancement, workforce upskilling, and enhanced global competitiveness, contributing significantly to Ethiopia's economic progression and transformation.

#### 5.4. Trade and Investment Agreements Attracting Chinese Manufacturers to Ethiopia

The relationship between Ethiopia and China represents a new era of international relations centered on economic diplomacy, particularly evident in the strategic trade and investment agreements that have shaped their economic landscape. These agreements, facilitated by government-to-government deals, highlight Ethiopia's commitment to attracting foreign direct investment (FDI) and expanding its market reach [27]. In parallel, trade agreements reported by [73, 80]. Have opened avenues for Ethiopian products to access new markets, fostering growth opportunities in alignment with Ethiopia's industrialization goals and China's market expansion strategies [32].

Ethiopia's proactive role in negotiations underscores its strategic approach to securing quality investments, a crucial element of its Growth and Transformation Plan (GTP) [35]. Discussions from focus group discussions (FGDs) emphasize the significance of these agreements in attracting Chinese investment, aligning with factors influencing FDI decisions [54]. Particularly noteworthy is the emphasis on technology transfer and skills development, indicating a shift in Ethiopia's industrial capacity towards self-sufficiency and growth [40]. Beyond the immediate benefits of trade and investment, economic diplomacy serves to shape an international economic system in accordance with national development ob-

jectives [63]. Ethiopia's engagement with China showcases how targeted diplomacy and policy initiatives can reshape international economic engagement patterns. However, the sustainability of these agreements relies on responsible investment practices, advocating for mutual benefits and adherence to labor standards [74].

In conclusion, Ethiopia's strategic partnerships with China not only recognize China's global influence but also secure economic benefits, positioning Ethiopia amidst shifting global power dynamics [68]. This relationship illustrates how economic diplomacy and strategic policies can leverage international engagement for national development, exemplifying a modern approach to international relations.

#### 5.5. Economic Diplomacy Alignment and Influence of Chinese Manufacturing in Ethiopia

The symbiotic relationship between Chinese manufacturing investments and Ethiopian economic diplomacy is pivotal for Ethiopia's developmental goals, notably outlined in Vision 2025. This alignment signifies a significant shift in Africa-China relations towards manufacturing [84, 19]. Chinese investments not only recalibrate Ethiopia's international engagements, reshaping economic policies and alliances but also enhance its economic profile, bolstering diplomatic influence [80]. Ethiopia strategically targets key sectors to align Chinese investments with economic diplomacy, fostering long-term impacts on employment and skill transfer in line with its Growth and Transformation Plan [28, 72]. Leveraging these investments, Ethiopia positions itself as a hub for manufacturing in Africa [83].

Beyond economic transactions, Chinese investments embody a collaborative approach benefiting both nations, showcasing the multifaceted nature of global economic relations [11, 9, 22]. This proactive stance reflects Ethiopia's utilization of foreign investment for development goals, marking a new era in international economic diplomacy [53]. The interplay between these investments and Ethiopian economic diplomacy illustrates how strategic economic engagements can advance broader development objectives and enhance diplomatic influence. This partnership provides valuable insights into how emerging economies can navigate relationships with global powers to further economic and geopolitical objectives.

#### 5.6. Theoretical Perspectives

From a liberal perspective, Chinese manufacturing industries in Ethiopia signify economic interdependence and globalization, offering mutual benefits for market access and economic development [47]. Realism, however, views these investments as serving China's strategic interests to expand economic influence, potentially creating dependencies for Ethiopia [75]. Institutionalism stresses structured agreements



to facilitate Chinese companies in Ethiopia [47].

Interdependence Theory highlights mutual benefits, fostering economic growth for both nations, while Constructivism emphasizes cooperative economic partnerships [79]. In International Political Economy (IPE), these investments fit within China's geopolitical strategy and Ethiopia's development plans [43].

Liberalism suggests job creation and skill development potentials, with concerns about labor standards [40]. Realism warns of dependencies favoring Chinese interests [75]. While Institutionalism stresses adherence to agreements for positive outcomes [61]. Interdependence Theory sees mutual benefit [55]. And Constructivism notes social perceptions' role in labor practices [4, 39]. IPE views skills and technology transfer as fostering shared development [12].

Trade and investment agreements in Chinese manufacturing are seen through various lenses: Liberalism as tools for cooperative economic relations [17]. Realism for power assertion [42], Institutionalism for predictability and risk reduction [1], and Constructivism for shaping shared expectations [64]. IPE views these agreements as reflecting negotiated interests and political relations [62].

Economic diplomacy aligned with Chinese manufacturing is analyzed across perspectives: Liberalism as cooperative engagement [46]. Realism as reflective of power dynamics, Institutionalism for objectives and effectiveness [56]. Constructivism for shared narratives [37] and IPE for broader economic and political impacts [47].

## 6. Conclusions and Recommendation

### 6.1. Conclusions

The economic relations between Ethiopia and China epitomize an exemplary model of economic diplomacy, blending strategic investment with nuanced diplomatic strategies. This research elucidates the essence of this multifaceted relationship across four crucial dimensions.

The interplay between Chinese manufacturing investments and Ethiopia's economic diplomacy is highlighted, pivotal for realizing Ethiopia's Vision 2025 of industrialization. These investments mark a pivotal shift in Ethiopia's foreign policy, steering away from traditional Western alignments toward an expanding Sino-Ethiopian axis. Socioeconomic advantages such as employment and skill development align with Ethiopia's Growth and Transformation Plan, while infrastructure enhancements serve as diplomatic symbols of China's dedication to Ethiopia's prosperity. Despite challenges like trade imbalances and debt, economic diplomacy has fostered constructive dialogue and negotiation, demonstrating the maturity of the bilateral relationship.

Ethiopia and China's economic diplomacy hinges on several key factors shaping their bilateral relations and fostering economic growth. Bilateral trade serves as a cornerstone, deepening ties and enabling strategic engagements through

the interplay of economic interests and diplomatic cooperation. Ethiopia's integration into China's Belt and Road Initiative, alongside its development-oriented diplomacy, boosts trade efficiency and infrastructure development, underscoring diplomacy's strategic role in addressing imbalances and negotiating agreements.

Chinese investments across Ethiopia's economy significantly influence economic diplomacy, forging long-term partnerships, facilitating technology transfer, driving diversification, and creating jobs. This mutual dependency necessitates ongoing diplomatic engagement, strengthening ties between the two nations.

China's strategic approach to infrastructure projects bolsters its geopolitical influence, serving as platforms for soft power beyond development aid. However, challenges lie in ensuring sustainable partnerships and balancing development with national sovereignty.

The expansion of Chinese manufacturing in Ethiopia aligns with the country's developmental goals, transforming its economic diplomacy landscape. This sector's impact extends to job creation, technology transfer, diversification, and innovation, necessitating diplomatic navigation of global economic challenges.

In conclusion, the Ethiopia-China relationship signifies strategic international cooperation, navigating the complexities of modern economic diplomacy. Adaptability, mutual respect, and strategic alignment are crucial for this ongoing bilateral success, highlighting the importance of understanding political, economic, and cultural contexts.

#### 6.1.1. Major Findings

The research underscores significant findings regarding the economic diplomacy effectiveness between Ethiopia and China:

- 1) Manufacturing and Industries: Chinese investments have propelled Ethiopia's industrialization efforts, fostering economic growth, job creation, and technology transfer. Challenges such as labor issues and environmental concerns require careful management for sustainable growth.
- 2) Bilateral Trade: A cornerstone of economic diplomacy, bilateral trade enhances ties, facilitates strategic engagements, and boosts infrastructure development.
- 3) Belt and Road Initiative Integration: Ethiopia's participation in China's Belt and Road Initiative, coupled with its development-oriented diplomacy, improves trade efficiency and infrastructure development, addressing imbalances.
- 4) Infrastructure Development: China's strategic infrastructure projects enhance its soft power and geopolitical influence, contributing to socioeconomic growth and industrial development.

The findings emphasize the multifaceted and interconnected nature of economic diplomacy between Ethiopia and China. The interplay between these dimensions shapes their relations, fostering economic growth, innovation, and regional

connectivity.

### 6.1.2. Relevance and Interpretation of Findings in Theoretical Context

The research findings align with established theoretical frameworks:

- 1) Industrialization and Development Theory: Chinese manufacturing investments promote industrialization, technology transfer, and job creation, supporting Ethiopia's broader development goals.
- 2) Human Capital Theory: Skill development and technology transfer from Chinese investments align with the theory's emphasis on human capital as a driver of economic growth.
- 3) Export-Led Growth: Ethiopian exports benefit from Chinese investments, contributing to trade balance and economic diplomacy.
- 4) Sustainable Development Theory: Challenges related to labor and environment underscore the need for sustainable practices in economic diplomacy.

The study's methodological approach contributes significantly:

- 1) Qualitative Approach: A comprehensive qualitative study delves into economic diplomacy's effectiveness between Ethiopia and China, analyzing trends through in-depth ministry office analyses.
- 2) Triangulation of Data: Multiple research methods such as interviews, focus groups, and observations ensure data reliability and validity.
- 3) Theoretical Alignment: The study's findings resonate with established theories in international relations and economics, offering nuanced insights into economic diplomacy's dynamics.

In conclusion, the research provides empirical, theoretical, and methodological contributions to understanding economic diplomacy between Ethiopia and China. Insights gleaned from this study can inform policymaking and academic discourse, paving the way for further research in international relations and economic diplomacy.

## 6.2. Recommendations and Future Research Focuses

### 6.2.1. Recommendation

The economic partnership between Ethiopia and China, particularly focusing on the role of Chinese manufacturing industries, offers numerous opportunities for policymakers, business leaders, and academic researchers to further enhance bilateral relations. Here are key recommendations derived from the analysis:

- 1) Diversification and Upgrading: Ethiopia should diversify its manufacturing base, moving towards higher-value goods and services. This can be facilitated through partnerships with Chinese firms, leveraging

their expertise and technology.

- 2) Enhanced Skills Transfer: Implement structured programs for knowledge and technology transfer. Initiatives such as professional development courses, workshops, and educational exchanges can ensure Ethiopian workers benefit from Chinese investments.
- 3) Strengthening Local Enterprises: Foster partnerships and joint ventures between Ethiopian and Chinese companies. Incentives for collaboration can help local businesses grow alongside Chinese investments.
- 4) Sustainable Debt Management: Emphasize sustainable debt practices in cooperation with Chinese financial institutions. This includes responsible borrowing and repayment strategies.
- 5) Robust Legal Frameworks: Develop and enforce strong legal frameworks governing foreign investments. These should include protections for workers' rights, environmental standards, and corporate social responsibility.
- 6) Expansion of Trade Agreements: Pursue broader trade agreements with China across various sectors. This will improve market access for Ethiopian products and services, balancing trade relations.
- 7) Regional Integration and Cooperation: Leverage Ethiopia's economic stature to foster regional integration. This can attract further Chinese investment and boost intra-African trade.
- 8) Addressing Socioeconomic Disparities: Ensure benefits from Chinese investments are distributed equitably across society. Implement policies that target marginalized communities and regions.
- 9) Cultivating Multifaceted Relationships: Balance Ethiopia's ties with China by fostering relationships with other global and regional powers. This reduces overreliance on any single partner.
- 10) Fostering Public-Private Partnerships (PPPs): Encourage PPPs to finance infrastructure projects and development initiatives. This can improve efficiency in investment and project implementation.
- 11) Academic and Policy Research: Support ongoing research on the impact of Chinese investments in Ethiopia. This will provide valuable insights for policymakers and academia, guiding future strategies.
- 12) Monitoring and Evaluation Mechanisms: Establish robust monitoring systems to continuously assess the impact of Chinese investments. This ensures transparency and accountability in economic diplomacy.

### 6.2.2. Future Research Focuses on Economic Diplomacy Effectiveness between Ethiopia and China

Future studies can delve deeper into various aspects of the evolving economic relationship between Ethiopia and China, offering insights for further improvement and cooperation. Here are some potential areas of research:

- 1) Assessment of the Belt and Road Initiative (BRI): Ana-

lyze the influence of China's BRI projects in Ethiopia. This includes their impact on economic diplomacy, infrastructure development, and bilateral trade.

- 2) Regional Economic Integration: Investigate Ethiopia and China's roles in regional economic integration within Africa. This includes contributions to stability, development, and trade relations among African nations.
- 3) Social and Cultural Aspects: Explore how Ethiopian and Chinese cultures influence diplomatic interactions and business practices. This can provide insights into building stronger cross-cultural relationships for mutual understanding.
- 4) Digital Economy and Innovation: Study collaborations in technology transfer, e-commerce, and fintech. Assess the impact of digitalization on trade, education, and entrepreneurship between the two nations.
- 5) Public-Private Partnerships (PPPs): Investigate the influence of government and private sector collaborations on economic growth. This includes their role in infrastructure development and investment promotion.
- 6) Bilateral Trade Diversification: Research opportunities for expanding trade beyond traditional sectors. This includes exploring areas such as agriculture, manufacturing, and technology exchange.
- 7) Impact of Global Events: Analyze how economic crises, pandemics, or shifts in international politics affect economic diplomacy between Ethiopia and China. This can provide insights into building resilience in the relationship.
- 8) Education and Skills Development: Assess programs aimed at building a skilled workforce capable of operating in high-value industries. This contributes to sustainable economic growth and technology transfer.
- 9) Long-Term Strategic Planning: Study comprehensive strategies developed by both nations to ensure mutual benefits and resilience in their economic relationship over time. This includes examining the alignment of national development plans with economic diplomacy objectives.

Addressing these areas of research can deepen understanding of the Ethiopia-China economic relationship. It can also offer valuable lessons for other countries engaging in economic diplomacy with China or seeking to build partnerships with global economic players.

### 6.2.3. Conclusion

The recommendations provided offer a roadmap for policymakers and stakeholders to enhance the economic diplomacy between Ethiopia and China, particularly focusing on the role of Chinese manufacturing industries. By diversifying industries, improving skills transfer, strengthening local businesses, and fostering sustainable practices, Ethiopia can maximize the benefits of Chinese investments. Furthermore, future research avenues outlined can provide valuable insights into the evolving dynamics of this crucial economic relationship, guiding strategic decisions and fostering mutual

growth and cooperation.

## Aberrations

BRI	Belt and Road Initiative
FDI	Foreign Direct Investment
FOCAC	Forum on China-Africa Cooperation
GTP	Growth and Transformation Plans
PPP	Fostering Public-Private Partnerships
UNCTAD	United Nations Conference on Trade and Development

## Author Contributions

Fikadie Damtie Yiblet is the sole author. The author read and approved the final manuscript.

## Conflicts of Interest

The authors declare no conflicts of interest.

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