



Department of Political Science

Chair of International Economics

THE EUROPEAN RESPONSE TO THE CHINESE DRAGON IN AFRICA

Analyzing the EU cooperation policy under the pressure of Sino-African relations,
the case study of Ethiopia

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“Education is not something you can finish.”
– Isaac Asimov

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Abstract

The dissertation is aimed at understanding how the cooperation policy of the European Union adapted to the changing international system, with a particular focus on the rise of China. Indeed, the thesis examines the adaptation strategies adopted by the EU when facing the increasing Chinese competition in the field of cooperation in Sub-Saharan Africa, the European response is generally described as defensive engagement. The theoretical findings are further investigated through the analysis of a case study, Ethiopia has been selected for the purpose. Ultimately, the research is meant to respond the question on how the EU reoriented its cooperation policy after the rise of China as a major international actor in Africa.

Abstract- Italian

La presente tesi di laurea è finalizzata a comprendere come la politica di cooperazione dell'Unione Europea si sia adattata alla trasformazione del sistema internazionale, con particolare attenzione all'ascesa della Cina. La tesi esamina, infatti, le strategie di adattamento adottate dall'UE di fronte alla crescente concorrenza cinese nel campo della cooperazione nell'Africa subsahariana, la risposta è generalmente descritta come un impegno difensivo. I risultati teorici sono ulteriormente approfonditi attraverso l'analisi di un caso studio, l'Etiopia è stata selezionata a tal fine. In definitiva, la ricerca intende rispondere alla domanda su come l'UE ha riorientato la sua politica di cooperazione dopo l'ascesa della Cina come attore internazionale di primo piano in Africa.

Abstract- French

Cette mémoire cherche à comprendre comment la politique de coopération de l'Union Européenne s'est adaptée à l'évolution du système international, avec un intérêt particulier pour la montée en puissance de la Chine. En effet, la thèse examine les stratégies d'adaptation adoptées par l'Union Européenne face à la concurrence croissante chinoise dans le domaine de la coopération en Afrique subsaharienne, la réponse européenne est généralement décrite comme un engagement défensif. Les résultats théoriques sont approfondis par l'analyse d'une étude de cas, l'Éthiopie a été sélectionnée à cet égard. Enfin, la recherche vise à répondre à la question en ce qui concerne la manière dont l'UE a réorienté sa politique de coopération après l'émergence de la Chine comme acteur international de premier plan en Afrique.

INTRODUCTION

Cooperation partner, economic competitor, and systemic rival: this is how the EU describes China (European Commission and HR/VP, 2019). This complex and fluid definition of another country, which does not fit in the traditional dichotomy of ally/enemy, is the result of an evolving and unstable international system. The twenty first century has been characterized by a systemic change, that is still under construction. It is known that the world is not like yesterday, but it is unpredictable to determine how it will be tomorrow. Scholars have investigated how the changing international arena is no longer captured by traditional theories, especially when dealing with geopolitics. Indeed, the increasing multipolarity and the growing economic interdependence have provoked a shift in the foreign policy agendas and in the instruments used to achieve strategic goals. This is the era of geoeconomics, characterized by the exercise of power and influence through economic policies. China (along with other emerging countries) was a driving force in the process of recalibration of interests, strategies, and actions. The PRC emerged first as a promising economic actor in the international economics landscape and used its new economic power to settle as a geopolitical entity and spread its influence. In this context of transformation, where old powers are grasping to conserve their privileged positions and emerging powers are building a new international status, the Sub-Saharan Africa became a chessboard for influence and a testing ground for international power politics. The dissertation investigates the adaptation strategies applied by the European Union, especially regarding the rise of China as an actor in sub-Saharan Africa. It exists a vast amount of literature regarding the impact of Sino-African relations on the development of the region, despite it is not uniform in its conclusions. However, not enough attention has been placed on researching how the new status of Beijing in Africa impacts other actors' agendas. There has been even lower attention on the modalities that these actors adopted to defend their interests in the area. By adopting a European perspective in the research, it has been possible to identify how the Union embraced a defensive engagement in the region as a strategy to defend its interests.

Research Puzzle

The rise of China had an undeniable impact on the international relations and the global economy. Many scholars researched and analyzed the rise of Beijing as a major international power. The impact of the emergence of China as a primary actor in Africa, providing a different paradigm of cooperation, was a field of interest for scholars, too. The impact on the development strategy on the region was also considered and examined. But what about the other actors? How did the old powers react to the new Chinese assertiveness? Were they hostile? Did they pursue cooperation? Did they face competition or is China still unable to challenge their status? These questions are worth to be discussed, a bridge among literature debates should be built to understand real implications in the international relations field. To research the Sino-European relations, the Sino-African relations and the Euro-African relations is extremely important, but what about how the Sino-African relations shaped the Euro-African ones? The research be oriented towards filling the gap in the literature, relying on the precious works produced so far in an uncrowded field of research.

Research methods

The aim of the research is to outline a comprehensive understanding of the European Union's response to the rise of China; hence, a multidisciplinary and flexible approach was needed to center the objective. Indeed, foreign policy analysis is particularly tricky because of its multifactorial and multilevel nature, it also requires an integrative theoretical approach (Hudson 2005). The dependent variable analyzed is the cooperation policy of the EU towards sub-Saharan Africa. It has been decided to narrow down the broader concept of economic foreign policy to cooperation as it is the main domain of interaction between African countries and the EU institutions. To draw a punctual analysis, embracing the multidimensional nature of the external relations of the Union, it was decided to mix the collection of data and economic indicators with the analysis of reports and official documents. Secondary sources were used to further develop the analysis and were useful contributions for the formulation of hypotheses. Unfortunately, it was not possible to carry out interviews, but many of the secondary sources consulted included testimonies of officials from Europe, China, and Africa. Finally, the theoretical findings were tested in a case study. The choice of Ethiopia has not been casual: it is a country extremely reliant on external aid, it has a fast-growing economy, and China and the EU are almost equal actors in the eyes of the government. It offered the perfect conditions to verify how the independent variable had an impact on the dependent one; namely, how China's rising influence transformed the EU strategy towards the

country. Indeed, China is still an actor in the making but it reached the EU degree of influence in Ethiopia, making easier to test the theoretical findings and to collect data.

Overview

The dissertation is composed by four chapters. Following this introduction, the choice of a theoretical framework will be discussed in chapter 1. Here, it is explained and examined the decision of not relying purely on the international relations or international economics theory. Then, chapter 2 is dedicated to outline the changes that the EU, China, and Sub-Saharan Africa have undergone to frame the context of the research. The third chapter is the core of the research as it is designed to answer the research question. Indeed, five main strategies of adaptation of the EU are described. These theoretical findings are tested in the fourth chapter, where the case study of Ethiopia is taken into consideration.

1. THE AGE OF GEOECONOMICS

The interplay of international economics, geopolitics, and strategy as a framework to understand power politics.

If a word had to be chosen to describe the modern international arena, “transformative” would be the most adequate one. Since the end of the Cold War, the international system struggled to consolidate in a stable and longstanding balance of power. Despite the temporary unipolarity of the United States, contemporary power politics is characterized by a rising multipolarity and economic interdependence. As the structure of international relations is caught in the inescapable uncertainty of change, scholars of International Political Economy and International Relations seem unable to fully account for the complexity of superpowers’ behavior by using a single framework of analysis. In this dissertation, an attempt will be made to bridge the realm of politics and economics, in order to use a theoretical approach capable of considering the actual weight of economics in nowadays power politics. The first section is dedicated to illustrating the need for the academic community to embrace a more suitable understanding of the global dynamics, leaving behind the persistent heritage of the Cold War in research. In the specific, geoeconomics will be the departing ground to build what the author believes to be a sound theoretical approach to discuss the implications of the EU and Chinese involvement in the Sub-Saharan region in the next chapters. Indeed, sections 1.2 and 1.3 represent an attempt to explain the historical developments behind the change of international relations and to find a solid definition for what geoeconomics is. In segment 1.4, the actorness will be briefly analyzed. Finally, the chapter terminates with the conclusive drawing of the hypothesis that will orient the research effort in the next chapters.

1.1 Understanding the gap in the literature

The academic world has always been subject to some sort of exogenous incentives to research certain areas rather than others, these elements of influence are intimately connected with the human beings' need to find meaning and – if possible- predictability in the times in which they are living. Scholars of international relations and economics are no different in this, as Mastanduno (1998) extensively demonstrated by analyzing the patterns of scholarship following the historical phases from WWII. The scholar demonstrates how the strong influence of the years of the Cold War is proving difficult to overcome in the contemporary debate, despite a multipolar system requires a more comprehensive approach than a strictly traditional one.

Before the Cold War: “practice preceded theory”

The pre-WWII international balance of power was characterized by complex diplomatic relations, economic interdependence, and multipolarity. These elements were the ultimate triggers of the conflict, due to the structural anarchy where there were no dominant actors and uncertain alliances. In this environment of hostility and precariousness, the use of economics as an instrument of confrontation and the advancement of national interests was common. The British grand strategy in the 30s, as analyzed by Skälnes (1998), was oriented at using trade discriminations to ensure a strong alliance with the Commonwealth, a considerable advantage in terms of resources in the case of a war outbreak. Both before and during the conflict, economics was highly considered in the political calculations: in times of peace a strong economic system allowed states to advance more easily their agenda, then the economic apparatus had to resist and sustain the effort of the war. Indeed, during the 30s and 40s, some scholars started investigating the relationship between security and economics. To use Hirschman's words (1945) “*practice preceded theory*”. In his book “National Power and the Structure of Foreign Trade” he opens his introduction stating that a modern version of “The Prince” should include an extensive analysis of trade barriers and tools of economic warfare. He was a pioneer in the research of an analytical framework that might explain international relations and economic interdependence. Similarly, economists, even as prominent as John Maynard Keynes (1920), attempted to analyze the relationship between economics and security for the promotion of peace. The idea that power was multilayered, but indivisible started to emerge, and in these years economics and politics were not distant fields of research.

Bipolarity and the “mutual neglect”

The militarization of politics was a natural consequence of the Cold War. In the 50s, a new international system emerged from the balance of two superpowers. The shift from the pre-conflict international structure was radical, the players now where all revolved around two champions, different in almost all matters from ideology to economics. The nuclearization of warfare contributed to consolidate the precarious yet longstanding political equilibrium, and alliances became stable and ideologically rooted. As it has been extensively analyzed in IR research, bipolarity is a more solid form of equilibrium than multipolarity and allowed the US to bifurcate its economic and military policies as the two powers had no vital economic ties. Certainly, the division was not complete, but economics was completely subordinated to geopolitics (Leffler, 1992) as security was conceived in a traditional narrowed definition. Rohde (2013) describes how these changes in the real world led to a militarization of social sciences, analyzing the parabola of the project SORO in the 60s. Indeed, the Cold War years are described as the golden age of security studies. The field of International Political Economy did not exist, and economic academics had no interest in conceptualizing economics taking into account politics and strategic priorities. The economics became a separate field of interest at the academic level, and research focused on the elaboration of sophisticated models that, however, failed to include non-strictly economic concerns.

Nonetheless, in the later years of the Cold War, the focus was brought partially back to economics. The oil crisis, the failure of the Bretton Woods system, and the US trade and budget deficits led to the emergence of IPE and the rise of liberals. The traditional debate between liberalism and realism failed to develop a new framework of analysis, but each community proceeded along its track and with its methods. The merge of security studies and IPE was disincentivized by the bipolar status quo, and the strict division between the two became officially institutionalized in the academic world. Susan Strange (1970) denounced this case of “*mutual neglect*” and the absolute need for the academic world to fill the growing gap between theory and reality. She had a sense of how things were slowly changing in the international setting, and she captured ahead of other scholars the necessity to integrate geopolitical considerations with economics to fully understand the world.

The transitional unipolarity and the “logic of war in the grammar of commerce”

As the Berlin wall was torn down and the world liberated from the iron curtain, the international system was destined to undergo profound changes. The structured and strictly defined order that had shaped the history of the world for decades was gone, and the US was the only actor left with the ability to influence and lead international power politics. Unipolarity turned out to be the logical outcome of the end of the Cold War. The deep transformation of the international arena led scholars to rethink all the knowledge produced in previous years and new questions emerged. The new structure created new incentives for the research, highlighting the gap that had been ignored for a long time on the economics-security connection. Some liberal scholars had a positive attitude towards the new world configuration, assuming there were no longer threats to the Western liberal hegemony. On the other hand, neorealists perceived unipolarity as an anomalous and temporary situation that would inevitably return to a state of multipolarity. Luttwak (1990) rightly anticipated that the international relations would not turn into a non-conflictual game, but they would still be driven by diffuse rivalry, along with the deterioration of the military discourse to exercise power. He described it as the shift from the geopolitics of bipolarity to the geoeconomics of multipolarity, or the “logic of war in the grammar of commerce”.

In the 90s the United States represented an unrivaled and unchallengeable global power, but scholars started questioning the durability of such a unipolar system. As the unipolar hegemon was disproportionately advanced, it was unlikely for a single competitor to emerge and directly challenge the international system, making the rise of multipolarity the most probable outcome. As the US program to shape international politics was mainly based on the promotion of liberal economic values and globalization, the rise of economic interdependence and stronger trade relations benefited emerging powers and ultimately allowed them to translate their economic strength into power (Ikenberry, G. J., Mastanduno, M., & Wohlforth, W. C., 2009). The US planted the seeds for a change in the rules of the balancing of power, paving the way to the rise of geoeconomic multipolarity. Finally, it happened. Scholars, however, are still trying to adapt to the transformative nature of international dynamics and as Blackwill and Harris (2016, pag.23) suggest “for a time this relative neglect may have been regrettable but not concerning, the situation seems different today”.

1.2 The age of geoeconomics

“The economic is strategic and the strategic is economic (...) at a time when power is more often exercised in economic terms” (H. Clinton, 2011). In 2011, Hillary Clinton as the former U.S. Secretary of State pronounced these words at the Economic Club of New York, confirming what scholars had just started investigating. The exercise of power, statecraft, and international relations are becoming increasingly economic in nature. The concept of geoeconomics had started growing in importance since Luttvak used it in 1990 to describe the new international arena, observing how military power had eroded in terms of efficacy but trade increasingly displayed military methods. International Economics and International Relations have never been so intertwined as now, and many think tanks have recently incorporated geoeconomics in their work programs (i.e. Council of Foreign Relations, IISS, the European Council on Foreign Relations, Chatham House). Despite his recent questionable political stances, political developments have proved Luttvak to be right on the transformative nature of the international arena in the 21st century. The rise of emerging powers, especially China, and the alternative form of capitalism they propose, represent a whole new challenge to the Western hegemony, which is jeopardized not by military actions but by aggressive geoeconomic postures. Indeed, the complex web of asymmetric economic interdependence provides systematic incentives for the use of geoeconomic policies rather than traditionally geopolitical ones. Finally, some neo-Malthusian anxieties have fueled international competition in trade and fostered the use of economics for security concerns.

Emerging powers and state capitalism

Unquestionably, the impressive economic growth of China has been a game-changing event. Since the reforms of Deng Xiaoping first and under the leadership of Xi Jinping now, the world is witnessing a substantial shift in PRC's relative economic power: today China is the first manufacturing and trading country, and- measured in purchasing power- has the largest gross domestic product ("China Economy - GDP, Inflation, CPI and Interest Rate", 2020). Similarly, India and Brazil are lobbying in the international financial organizations for a more South-oriented approach and attempting at catching up with Western powers. It is a time of emerging powers, which have no interest in openly confront the United States' asymmetric military power. Indeed, challengers to the unipolarity are following the Sun Tzu mantra: trying to beat Western hegemony without engaging in open confrontation. The emphasis on economic power is prevalent in contemporary power politics as emerging actors rely primarily on

economic means to project influence and advance their strategic agenda (Blackwill and Harris, 2016). Indeed, as anticipated, the possibility of large-scale war with the U.S. is remote and counterproductive. These countries have managed to propose an alternative form of capitalism that allowed them to participate in international economics, following the rules of the game previously established by Western powers but also obtaining a competitive advantage vis-à-vis the liberal countries. Indeed, state capitalism is a hybrid capitalist economic apparatus where large segments of the economy are owned and/or controlled by the state. In these systems, the state enjoys a greater degree of control of economic sectors and agents through state-owned enterprises, national champions heavily supported by public policies, state-controlled banks, and sovereign wealth funds. The ponderous entrance of China in the international arena along with its alternative understanding of capitalism has changed the structure of international relations, forcing all the actors to recast their political calculations. Indeed, China is described by Jennifer M. Harris and Robert Blackwill (2016) as a “leading practitioner of geoeconomics” and a “maestro” of the new international economic competition. In recent years, Xi Jinping managed to boost the weight of his country in the international arena, including by using the aftermath of the financial crisis to the Chinese own advantage. Indeed, the 2008 crisis exposed universally the weaknesses of the free market paradigm both in the United States and Europe. Consequently, the Western ideological power based on free markets and liberalization deteriorated and the link between economics and security revealed its strength as never before.

Asymmetric economic interdependence

The link between economic interdependence and the likelihood of conflict has been investigated for centuries, dividing the scholars in optimist liberals and pessimist realists. On one hand, liberals point at the pacific effects of world trade; on the other, realists argue that interdependence increases the cross-border tensions. This dualistic and strict vision of the consequences of economic ties is limited, as interdependence does not produce a singular effect but a web of relations that simply enters the equation of state calculations, altering the scheme of incentives to engage in a military confrontation. Economic interdependence does not change the nature itself of relations between countries, but it alters the outcome of calculations especially in case of asymmetric interdependence. Hence, states will continue reasoning as rational and security-oriented agents, but the framing of interests and policy options will change. As Gartzke and Westerwinter (2016) underline, to study how a phenomenon impacts another- how economic interdependence changes the modality and likelihood of conflict- it is necessary to individuate a causal

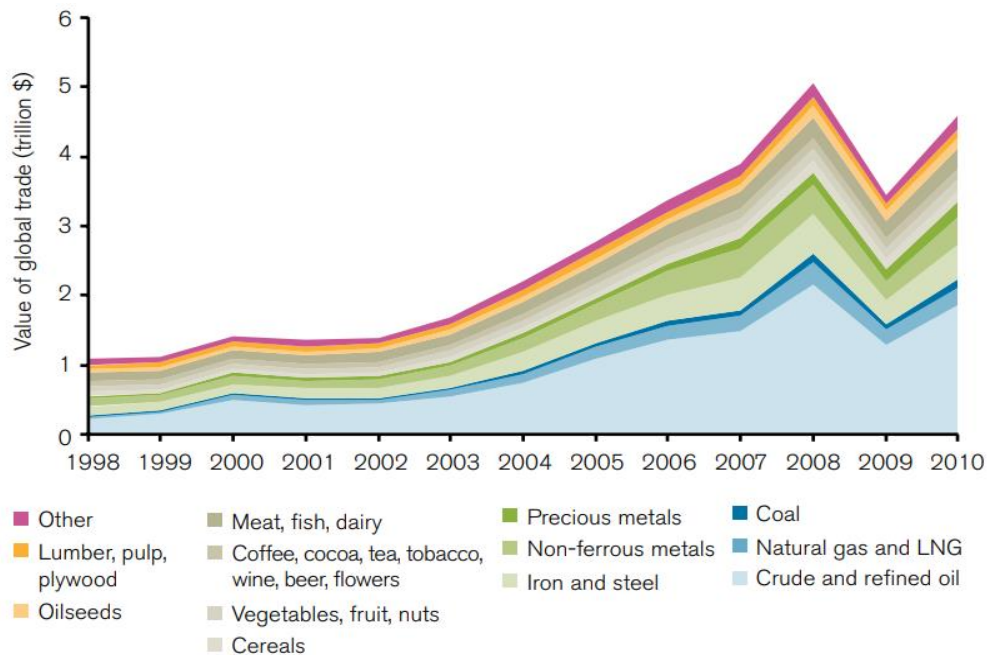
account. In this case, we should observe the scheme of opportunity costs in choosing policies, information availability, institutional constraints. Indeed, economic interdependence increases the cost of engaging in a military confrontation, can work as a signaling mechanism creating a non-violent but coercive mechanism of influence and benefits of institutions and fora for negotiations. However, as Blackwill and Harris (2016) clearly underline, economics plays a primary and central role in international relations but did not substitute completely military power. Economic interdependence serves as a systemic constraint that neutralizes traditional coercive methods, shifting the level of conflict to a lower intensity. Economic warfare might make the use of military unnecessary as the use of aggressive economic policies is sufficiently informative and compelling. States tend to substitute militarized conflict with economic “aggressions” since they are as effective in pressuring other actors while lowering the cost of engaging in conflictual relations (Gartzke, 2003). In fact, emerging powers will tend to avoid open confrontation on the military front and will use economic policies even to fulfill exquisitely geopolitical aims. As an example, China engaged in the most recent “banana war” with the Philippines, curtailing imports of the fruit as a retaliation for the territorial dispute over the South China Sea (Michael & Peel, 2017).

States are profoundly and inextricably economically interdependent, at both the micro and macro levels. The trans-nationalization of the value chain along with a more relaxed financial market created a complex web of economic relations, which is extremely widespread but creates asymmetries among actors. As Nye (2010) points out “manipulating the asymmetries of interdependence is an important dimension of economic power. Perfect symmetry is quite rare; so, most cases of economic interdependence also involve a potential power relationship.”, which is further incentivized by the current structural dimension of international politics. China, for example, invested its economic capital to build a system of asymmetric economic relations that uses as political leverage to advance its international agenda or domestic affairs (e.g. one-China policy). International trade does not necessarily translate in more peaceful relations, it just creates a different scheme of incentives and disincentives where, generally, economic warfare actions tend to be the most rational instrument to advance national interests, with respect to military conflict.

Neo-Malthusian anxieties

As economic interdependence grew and emerging powers increased their consumptions and the patterns of production changed, questions on the scarcity of resources are more than ever central in the international debate. Indeed, emerging economies have dramatically changed the market of resources; for example, from 2000 to 2010 the international trade of resources more than tripled (Figure 1.1). This, in turn, led to new opportunities for developing countries, especially Africans, because of their geographical characteristics. As it is illustrated in the Chatham House Report “Resources Futures” (2012), the resource system is diffuse but increasingly interlinked through markets, trade, and the concerns over the environment. Nonetheless, in the years to come states will be facing a difficult task: coping with the transition to sustainability under the extreme pressure of present-day scarcity and increasing demand. As highlighted in the report, the race to secure critical resources is prone to escalation, adding further stress on economic sectors, social communities, and nation-states. Moreover, projections indicate that by 2030 the increasing resource consumption will overwhelm governments and the market might fail to adapt. The forecasts for a crunch in resource availability and the “new normal” of price volatility in the sector fuel the feel of tension and uncertainty in the international arena.

Figure 1.1: Value of global Resource trade, 1998–2010



Source: House, C. (2012). *Resources Futures. A Chatham House Report.*

“Trade is becoming a frontline for conflicts over resources – at a time when the global economy is more dependent than ever on trade in resources” (Chatham House, 2012), states are acting geoeconomically to secure access to fuel and raw material. Indeed, the zero-sum game for resources and the economic interdependence of the market incentivize states to opt for protectionist policies or economic partnerships for security concerns. As it emerges from the analysis mentioned, the conflictual arena for this race will be international trade. The purchase of raw material, oil and gas is not a strictly economic subject, it involves the protection of national energetic and industrial security. As the resources are not evenly distributed among countries but strictly connected to the local geography of certain states, the international trade of such commodities is becoming a field of battle.

1.3 Defining Geoeconomics

As anticipated, geoeconomics is still not a solid academic field of research. Consequently, it suffers the lack of a commonly agreed definition. Nonetheless, vagueness and lack of clarity are enemies of research and an attempt will be made to openly delineate what it will be considered as geoeconomics in this dissertation. The definition provided in “War by Other Means” is a valuable departing point of analysis:

“The use of economic instruments to promote and defend national interests, and to produce beneficial geopolitical results; and the effects of other nations’ economic actions on a country’s geopolitical goals.”

(Blackwill and Harris, 2016, pag.20)

This is a threefold definition, that encompasses the structural dimension of interactions among states and the outcome of such interactions. It represents both a framework of analysis and the description of a new exercise of statecraft.

- **“The use of economic instruments to promote and defend national interests”**

The first dimension of geoeconomics involves the economization of national security concerns and the use of economics to defend also more traditional aspects of security. Economic security is increasingly understood as a dimension of national security, referring to the protection of production processes, companies, infrastructures, and public and private institutions. It is a national interest to shield and

advance the national economic apparatus. Globalization contributed to the erosion of the traditional concept of national security as it created new vulnerabilities for the national economic systems, embedded in a more competitive international economic setting. Several shocks and crises paved the way to the idea that economic openness creates insecurity, adding to the traditional anxieties concerning the possibility of economic manipulation by other states (Khaler, 2004). Moreover, economic issues proved to be pandemic and dependency from external markets dangerous. There are several dimensions of economic security as foreign takeovers of strategic industries, trade espionage, curtailment of fundamental supplies (Meijnders & Martens, 2019). This definition addresses the widespread attempts by governments to secure the right space of maneuver in economic terms to defend and advance national interests. The United States perceived Chinese unfair economic practices as a threat to the national interest and security and entered an economic war with the Asian superpower. It is a traditional situation but with a surprising novelty: the hegemon and the challenger are mainly fighting over economics and through economic policies. On the other hand- as anticipated- economic means are diffusely used even to achieve objectives of national security conceived in a more traditional understanding. China's economic partnership with foreign countries carries the obligation of the recognition of "One China", using their support to secure the national territory unity, which is perceived as a top priority for Beijing. Hence, this first dimension of the definition of Geoeconomics encompasses the partial reframing of national interest in economic terms and the use of economics to secure national interests, even when non-economic in nature.

- **“To produce beneficial geopolitical results”**

The second dimension of Geoeconomics is related to the transformation of the strategic means to advance national interests. The structural transformation of the international relations due to the economic interdependence and globalization opened the way to new tools of foreign policy, especially important for emerging powers to compensate their scarce military apparatus. As anticipated, the new set of economic instruments are not changing the rationale behind the international struggle for power. Nonetheless, geoeconomic actions can achieve traditional geopolitical results. Even the Iran-US tensions have been escalating mostly geoeconomically. Despite the killing of Soleimani, the most aggressive action taken against Iran remains the imposition of severe economic sanctions. It is a clear example of how geoeconomic actions can be used to geopolitical goals. Indeed, the US sanctioned economically the

country as retaliation for its nuclear program, in an attempt to defend the security of Israel as the stronghold of American influence in the area (Wolf, 2018).

- **“the effects of other nations’ economic actions on a country’s geopolitical goals”**

Considering the previous two paragraphs, it is straightforward to imagine as a state’s economic actions impact others’ geopolitical goals. As economic partnerships have become instruments for gaining political leverage and influence over a region, the international chessboard is increasingly focused on geoeconomics. Like a military base in a region might represent a concern in traditional security terms, an economic partnership and its conditionalities raise equal concerns. The capability to affect a rival country’s geopolitical goals through economic policies is the most relevant dimension of the definition relatively to this dissertation. Specifically, the one that is meant to be further investigated.

1.4 Geoeconomic actorness

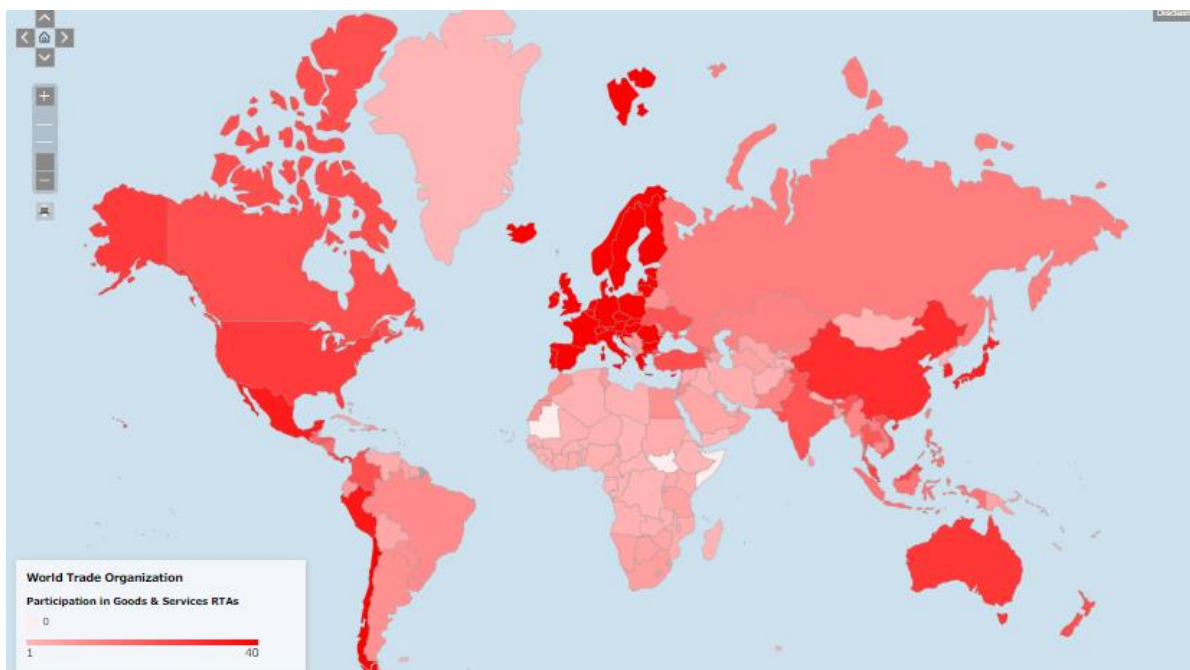
After rethinking the overall structural dimension of international relations, also actorness is needed to be reevaluate. When Luttwak coined the term geoeconomics in 1990, he observed how actors in the geoeconomic system would have not become purely economic agents. Indeed, he believed the world to be still far from the logics of World Business. Even if private actors and states can have overlapping interests, they are still motivated by two very different purposes: private actors are driven by profit, while states are still meant to achieve security and influence, even if in economic terms and/or through economic strategies.

Despite the actorness in the geoeconomic system is still motivated by traditional core elements of statehood, participants to the new international dynamics had to adapt to the structural pressure. The geopolitical actor was a synthesis of territory, economy, and social forms that constituted and was constituted by the international arena, but it is currently transforming because of an evolving political landscape where security, economy, and geography are day by day more intertwined. Cowen & Smith (2009) suggest that “the geoeconomics recasts rather than simply replace geopolitical calculation” and states are still adjusting, attempting to reframe coherently their political persona. Because of the increasing economic dimension of security, the state is slowly abandoning the mere role of regulator of the market and is becoming an agent itself. Nevertheless, this does not necessarily translate in a retreat

from the free market paradigm: the EU advocates for the free market as a form of soft power, while maintaining in place a massive market distortion and protectionist policy such as the CAP.

Luttwak (1990) notes as the transformation of the state is not only exogenous but endogenous in nature: the national bureaucratic apparatus pushes the state to the role-preservation, urging it to embrace a geo-economic stance to replace the decaying geopolitical role. Geoeconomics, in contrast to geopolitics, tends to push towards equilibrium among trading-blocs rather than political alliances (Hsiung, 2009). Indeed, almost every country in the world participates in a regional trade agreement (Fig. 1.2). Participation in super trading blocs often involves the ability to perform better in the international arena, as it ensures some degree of security from the world markets and higher bargaining power. In the case of the EU, member states have deliberately ceased part of their sovereignty to create exclusive economic competences for the Union: for example, the Commission is the EU negotiator for trading agreements with third parties, performing a traditional task of statehood.

Figure 1.2. Participation in Regional Trade Agreements



Source: "WTO | Participation in Regional Trade Agreements - map", 2020

Hence, actorness did not transform altogether but changed under the pressure of the systemic changes. States are still driven by security and power concerns but are keener to aggregate interest in trading blocs as they represent a resourceful platform to exercise power in the international geoeconomic system (with the EU being the most sophisticated example).

1.5 Stating objectives for the next chapters

The research aims to analyze the impact of the Chinese assertive foreign policy in the sub-Saharan region on the EU grand strategy in this traditional area of influence. It will be analyzed how the Chinese economic engagement shaped the EU foreign policy, strategic interests, and diplomatic ties. Indeed, as described by Blackwill and Harris (2016) geoeconomics and geopolitics are two faces of the same coin, but different. Michael Mandelbaum (2014) describes the classic difference between economics and geopolitics as such “The heart of politics is power, the aim of economics is wealth. Power is inherently limited. The quest for power is therefore competitive. It is a zero-sum game. Wealth is by contrast limitless, which makes economics a positive-sum game”. Nonetheless, geoeconomics is a hybrid field of research where core assumptions of geopolitics meet international economic reasoning.

Therefore, departing from an analysis of the two actors as geoeconomic entities, it will be attempted to understand how the European Union assessed and pursued its objectives under the geoeconomic pressure of Beijing agenda in Sub-Saharan Africa.

2. THE DRAGON AND THE OLD CONTINENT

*Understanding the behavior of China and the EU as
geoeconomic actors, and why the Sub-Saharan region is
the most likely “battlefield”*

In the second chapter, the characteristics of both the EU and the PRC as geoeconomic actors will be analyzed. These two actors have not yet cemented in a monolithic international subject as the United States. Indeed, the Union has been gradually developing its hybrid and supranational characteristics but its identity in geopolitics is still under construction. On the other hand, China has been experiencing a revolution in economic and political terms that led Beijing to hold unprecedented power, ending the low-profile strategy that characterized its foreign policy. They share the common feature of enjoying a vast geoeconomic potential and are most likely to pursue strategic objectives through economic policies. As the two actors are both looking for affirmation in the international stage, Sub-Saharan Africa is the most likely field of confrontation. Indeed, the continent has been traditionally vulnerable to external influences because of its economic fragility, strategic energetic assets, unstable institutions, and security concerns. The current US disengagement from the region paved the way to a more assertive Chinese policy, while the EU is called to protect its longstanding interests in the region. The first section will be dedicated to understanding how the shift towards geoeconomics unlocked geopolitical power for the Union, as the use of economic tools is part of its exclusive competences, and how it intends to profit from this structural change. In the second section, the economic miracle of China and its geoeconomic agenda will be analyzed, discussing its objectives and strategies. Finally, we will briefly consider the structural characteristics of Sub-Saharan Africa to demonstrate its current central position in geoeconomics and its proneness to foreign influence.

2.1 Towards a Geoeconomic European Union

Single in name, dual in policy-making method, multiple in nature: the European Union is an extremely complex international actor. The hybrid nature of the Union is particularly visible in the realm of external relations and its role in the international system, representing both the most successful example of economic integration and failure in security and military cooperation. As the Union is an evolving actor, whose boundaries are more fluid than those of nation-states, it is controversial to consider it as an actor of international relations. It is important to understand in which terms the EU will be assumed to behave as an international actor, as the shift towards geoeconomics further empowered the Union. Indeed, economics has traditionally been dealt at the supranational level, entailing a form of European sovereignty. The numerous trade deals with regions of strategic interest for the Union- including sub-Saharan Africa- demonstrate the geoeconomic actorness of the EU, which is assumed based on its evolving international identity and exclusive competences.

The debated question of the Union's actorness: CFSP vs CCP

According to the Treaties, we can substantially divide the EU external action in these two fields: the Common Foreign and Security Policy (and the sub-domain of CSDP) and international trade (Common Commercial Policy). The starkest difference in these two domains is represented by the role of the Union and its ability to perform international actorness. The Common Foreign and Security Policy (CFSP) is a field of action particularly challenging to establish. Article 24(1) TEU grants the CFSP the status of a common policy (as the CCP or the CAP) and article 28 (1) TEU describes the obligations of mutual cooperation for MS following the EU guidelines, but declarations 13 and 14 emphasize its core intergovernmental nature and the principle of non-interference with states' foreign policies. Indeed, member states have always been reluctant over the years to concede sovereignty in this field. The general need for unanimity in the CFSP decision-making has traditionally represented an obstacle to the EU's attempts to pursue geopolitical goals. The problem with traditional foreign policy is the gap between the EU ambitions and its capabilities; as the Union has high profile aspirations, but its current institutional and material resources are inadequate. Reducing international relations to the traditional understanding of geopolitics and security, the EU is a small size power (Bickerton, Irondelle, Menon, 2011). However, this is a partial and unrealistic view of its role in the international system, denying its enormous potential in contemporary geoeconomics.

The European Union's external action, indeed, encompasses the EU external trade policy, development cooperation, economic and financial cooperation, too. Achievements in these areas often arrived where diplomacy and hard power failed. Certainly, the EU enjoys stronger legal competences in these fields and manages to speak “with one voice”. In article 3 of TFEU, member states agreed to grant some exclusive competences to the Union- like trade and monetary policy- with the exclusive power to adopt legally binding decisions. Article 207 TFEU enshrines exclusive competences of the Union over the common commercial policy, granting the Commission the role of the EU negotiator in external relations with third countries and international organizations (art. 218 TFEU). Following the ERTA principle (‘in foro interno, in foro externo’), the European Court of Justice empowered the Commission also with the management of the external dimension of its internal exclusive competences, enlarging the actual room of manoeuvre of the Commission in the international relations. Despite international development is a shared competence, the role of the Commission is growing in importance as a coordinator among member states. The Policy Coherence on Development, adopted in 2005, and The Code of Conduct on Complementarity and Division of Labor, adopted in 2007, represent an attempt to further coordinate policies and develop a unified approach. Indeed, the EU development policy is based on the following three principles: coherence of EU policies, coordination between EU and member states’ actions, and complementarity between policies and programs of the Union and Member States (Keukeleire, & Delreux, 2014).

This complex multilevel management of portfolios led to many boundaries problems with other EU organs and the MS, but the Commission used it to assert its role in foreign policy, even in fields where it had no direct authority (Keukeleire, & Delreux, 2014). The Commission is not the only decisive EU organ in conducting external relations, but it is the one that managed to envision a strategy and increase its relevance over the years. Nonetheless, it is not a completely autonomous actor in any policy field, including trade: it constantly negotiates at two levels. Despite the EU is largely a single actor in international trade, this does not make it a monolith. The hybridity of its system might look like an unavoidable disadvantage with respect to other international actors, but the EU beyond-Westphalia nature was a departure point to assert its exclusivity and normative power in the international stage (Manners, 2006). The current shift in the international structure towards geoeconomics further empowers the EU actorness, unlocking unprecedented room of manoeuvre as the international competition moved towards an economic battlefield, where the Commission has exclusive competences or a strong voice .

Nowadays, the EU has adequate geoeconomic credentials to confront other players, differently from previous geopolitical calculations.

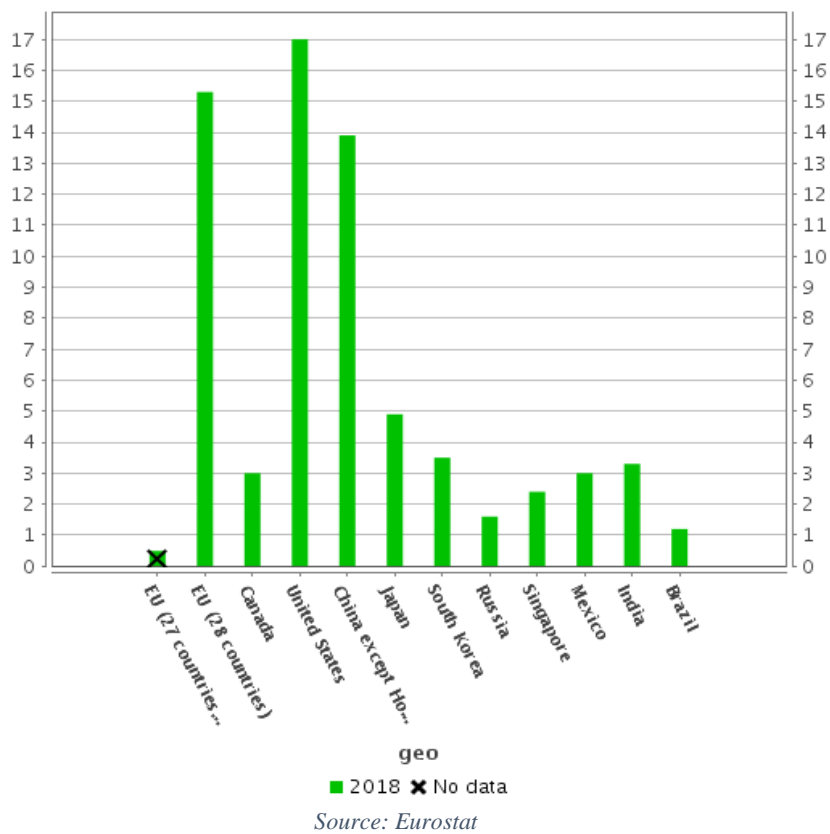
Towards a Geoeconomic European Union

There is little consensus in the academic literature over the characterization of European power in the international stage. However, it is generally recognized that the sheer size of the single market and the communitarian character of trade policy have allowed the EU to participate in the international arena. The CCP represents the origin itself of the EU international actorness. Indeed, trade policy forced the EU to define its relations with the rest of the world and created expectations in third countries of the EU as a great power. Despite the EU absence of a strong and singular military power, foreign leaders believe it to have economic sovereignty and the power to set standards and regulations for the rest of the world (Leonard, Pisani-Ferry Ribakova, Shapiro, Wolff, 2019). Many, as Meunier & Nicolaidis (2006), questioned whether European power in the trade arena might translate in influence in foreign affairs. The two scholars have analyzed how the Union is capable to exercise power both in trade and through trade and labeled it as a ‘conflicted trade power’. Nonetheless, the Commission had been criticized for losing sight of the foreign policy dimension of its long-term economic strategies (Thépaut, 2011). Indeed, for years the Commission could insulate European economic relations from external geopolitics. As illustrated in Chapter 1, during the Cold War years and the early period of unipolarity, economics and security were perceived as two different areas of action. Nowadays, things changed dramatically, as economics and international relations overlap as never before. Nonetheless, the EU was not completely absent from geoeconomics in the last years. It proved its actorness in promoting its regulatory power and trade business, both valuable tools to advance its own agenda in the international arena. For example, the EU General Data Protection Regulation (GDPR) represents a successful attempt at shaping modern digital economies and spread the European ideal of digital security.

However, the great unexpressed potential for geoeconomic actorness by the EU is clear in Brussels. In an increasingly competitive geoeconomic world, the new Commission clearly stated its intentions. Ursula Von der Leyen, president of the EU Commission, declared that Europe needed a geopolitical Commission and a fresh start for the Union, insisting on the global normative power of the EU in a time of uncertainty ("Press corner- Speech by President-elect von der Leyen in the European Parliament Plenary on the occasion of the presentation of her College of Commissioners and their programme",

2019). As Tobias Gehrke (2020) highlighted “The new Commission President von der Leyen’s by-now notorious declaration of a ‘Geopolitical Commission’ could have also employed a more appropriate choice of words: a Geoeconomic European Union”. The geoeconomic reorientation of power politics has created new challenges and opportunities for the old continent in the global order, and the Commission seems to be intended to make an effort to seize this opportunity and change the idea of the EU as a merely economic actor.

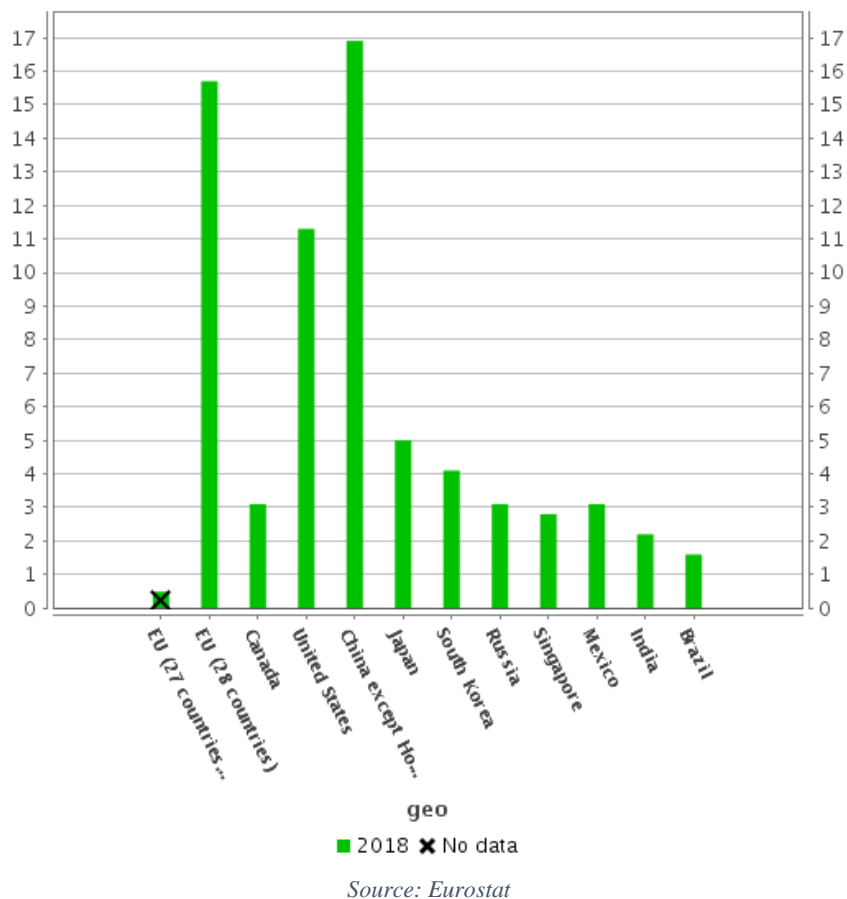
Fig. 2.1) Trade in goods by main world traders in 2018- Share of national imports in world imports (Million EUR and %)



The 2019 EU-China Strategic Outlook communication revealed a partial acknowledgment of this structural revolution, China was designed as 'cooperation partner', 'economic competitor' and 'systemic rival'. The EU is best served by an international legal order based on limited state intervention and free trade, as the system is currently under attack the Union needs to reorient its attitude towards a more active defense of its interests. This is what also President Macron had in mind in 2018 when he called for the

protection of European sovereignty and its various aspects (digital, technological, economic, defense) ("President Macron's Initiative for Europe: A sovereign, united, democratic Europe", 2018).

Fig. 2.2) Trade in goods by main world traders in 2018- Share of national exports in world exports (Million EUR and %)



As a matter of fact, the EU represents one of the major trading powers in the world. It represents almost 7% of the world population but 15.6% of global trade. There is no question on its equal standing as economic weight compared to China or the US. The EU is called to use its dominant position in international trade (Fig. 2.1, Fig. 2.2) and the strategic sheer size of the single market to identify and pursue a European geoeconomic strategy, as the high economic and monetary interdependence of member states create a fertile ground for a Communitarian foreign policy. It is a needed reorientation to confront the enormous geoeconomic power of China, including in Sub-Saharan Africa.

2.2 The Chinese masterpiece of Geoeconomics

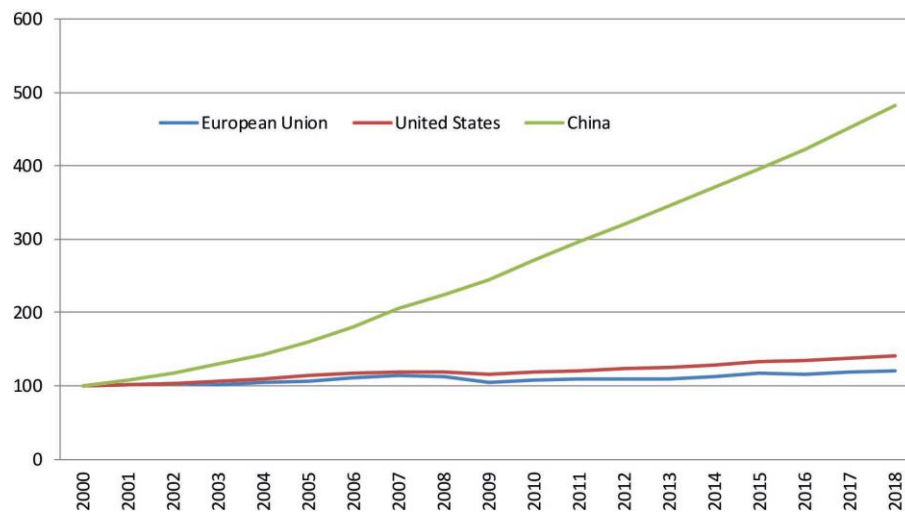
Since the end of the last century, China has become a new economic and political power in the world thanks to the exceptional growth that has pushed its economy to the forefront of the world and the claim of greater political weight at the international level. Moreover, the country's regional and international projection has greatly increased its influence in international relations to the point where it can change economic relations and geo-political balances not only in Asia but also in many other areas of the world.

Brief history of a “miracle”

China has been the most outstanding economic miracle of the last century, it transitioned from a poor centrally planned economy into a flourishing market-oriented one, de facto becoming one of the most prominent international actors. Its outstanding growth rate in the last years granted it a new international status (Fig. 2.3). Chinese overture to the world was drastically different from its former ally, the Soviet Union, as it was a balanced long-term project rather than the result of domestic pressures. Differently from the USSR, the Asian country did not have to rely on international financial institutions for economic assistance nor respond to domestic demands for a Western-like democracy. Indeed, China had a larger – but not absolute- room of maneuver to plan national strategies and identify priorities. Initially, the country had not a clear direction as it did not aim to emulate Western countries but dissatisfaction with the failure of the Maoist economy continued to spread among the elite of the country. Such a feeling was reinforced by the successful examples of other Asian actors, such as Hong Kong or Taiwan (Ray, 2002).

When Deng Xiaoping secured his position as a leader, he initiated the Boluan Fanzheng ("eliminating chaos and returning to normal") period, progressively dismantling the Maoist economic policies and carrying on several sociopolitical reforms to systemically stabilize the country. As the cultural revolution highly politicized the private life of citizens and traumatized most of them, it was easier to advance changes without real popular opposition. Similarly, the Party was weakened by the ideological revolution and bureaucracy did not resist or obstacle with much strength economic reforms as in the Soviet Union (Shirk, 1990).

Fig. 2.3) GDP, constant prices (2000 = 100)

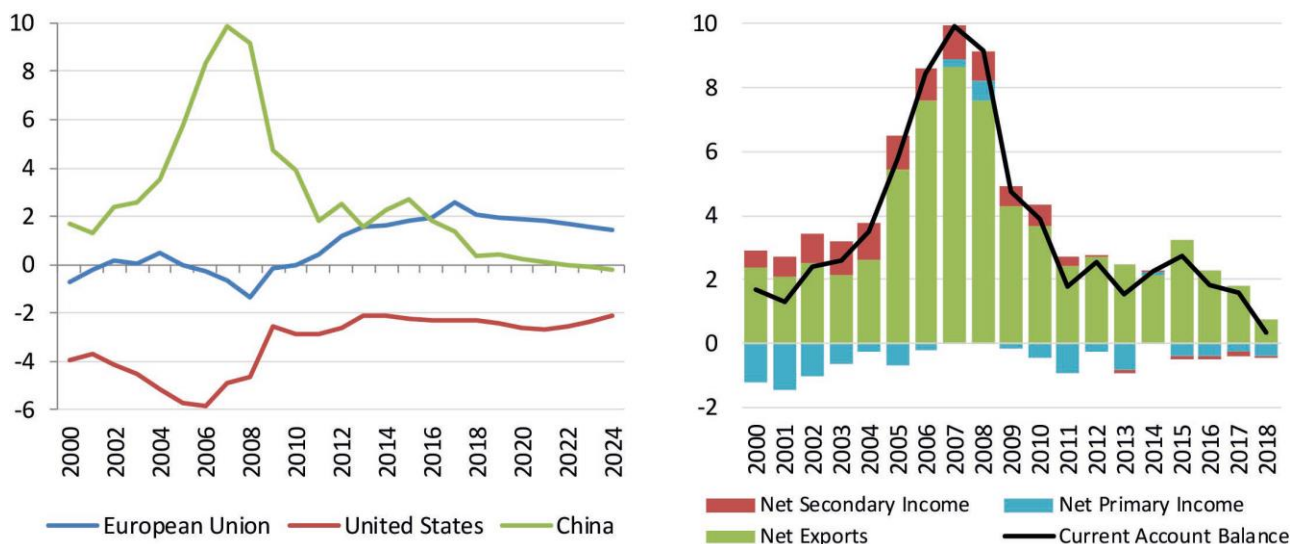


Source: Bruegel Working Paper Issue- World Economic Outlook (WEO), April 2019 (gross domestic product in US dollars)

First, the Paramount leader decollectivized the land and allowed peasants to exercise control over their private plot by transferring part of the crop to the government. As described by Ray (2002), the reform of agriculture, through the household responsibility system, allowed the government to unlock unexpressed productive potential in the sector. Indeed, agricultural productivity rose intensely and created a beneficial spillover effect for most of the population, producing the perfect conditions for further reforms. As the income in the agricultural sector started rising, the demand for other goods followed. Reforming agriculture first rather than the industrial sector, differently from Eastern Europe and the former Soviet Union, was easier and had a greater short-term effect. Industrial reforms were introduced right after the agricultural transformation, attempting at increasing productivity. The government introduced a dual-price system and price flexibility was increased, allowing state-owned enterprises to be managed by citizens in the name of the state by contract. With the Open-Door Policy, the country opened again to foreign investments, and the Special Economic Zones were created. These areas functioned both as economic laboratories and engines for the national growth, setting the departure point of the Chinese growth. The protests of Tiananmen Square in 1989 led to a wave of conservatism and tighter control over the population, but Xiaoping managed to avoid that the event hampered the positive economic trend. The wave of overture also survived its death, and it is still very much alive.

The adoption of the 12th Five Year Plan in 2011 represented a watershed in the Chinese economic setting, reinforcing the idea of perpetual reform. The plan sets goals for the economic growth of China, marking a shift in the national economic model itself: decrease reliance on exports and increase domestic demand. It is highlighted the need to fight obstacles to a harmonious development such as corruption and ineffective governance while pushing for innovation. It led to a change in the Chinese development model, shifting from an export/investment oriented towards demand-led growth. As a matter of fact, its previous large structural account surplus is shrinking as Chinese domestic demand increases, and previous tradeable goods are being domestically consumed (Fig. 2.4).

Fig. 2.4) Current account balance, % of GDP (breakdown for China)



Source: Bruegel Working Paper Issue - World Economic Outlook (WEO), April 2019 (left panel) and World Bank (right panel).

Chinese economic planning proved successful over the years. This is the third substantial shift since the reforms started: in 1978 Den Xiaoping pushed to partially open the economy, in the mid-1990s ownership was reformed and state-owned enterprises and corporatization became pillars of economic growth (Andrabi, 2015). The country is still undergoing a pattern of transformation and adaptation to the Western-designed capitalism while attempting at shaping its “socialism with Chinese characteristics” under the leadership of Xi Jinping. Indeed, the current Chinese leader is extremely aware of the role that China can play in international economics, he is securing the Chinese style of state-controlled capitalism fostering both internal coherence and coordination policies for SOEs and private actors, but also pushing for further international integration.

Geoeconomics “Made in China”

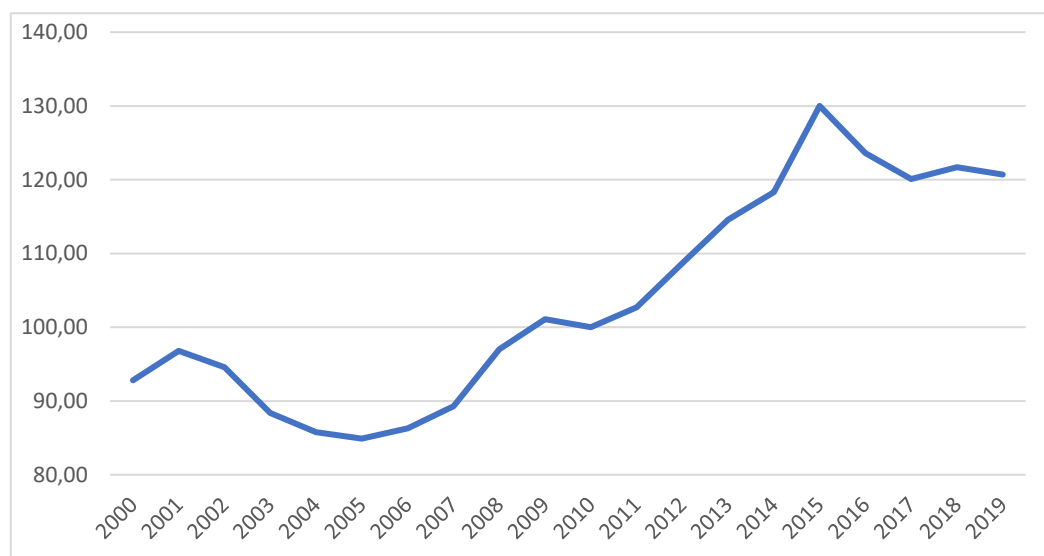
As the economy started outperforming in growth rates the rest of the world, China accumulated potential political capital because of the weight of its economy in the international dynamics. The Chinese government understood the rising multipolarity and the evolving shift towards geoeconomics, leading to a gradual reassessment of national priorities and foreign policy. The economic growth and the changing international system caused a boost in confidence and optimism about the role that China could play. Hence, the party- under the leadership of Xi Jinping- pushed for a more assertive foreign policy. The policy of KLP (Keeping a Low Profile), supported by Den Xiaoping, was unquestioned during the 90s, but critiques gained momentum after the deterioration of the Sino-Japanese relations. Still, the KLP is highly controversial: it was (and in some cases still is) domestically supported but also perceived by other actors as coverture to hide Chinese potential while waiting for “revenge” (Yan, 2014). There are many examples of how Beijing used its geoeconomic power to advance its agenda in Asia, as the use of assistance and investment flows to maintain control over Pyongyang and the attempt at warming economic relations with Japan to contain the US influence. The phenomenon is not circumscribed to Asia. Blackwill and Harris (2016) demonstrated how European countries willing to host the Dalai Lama in the past witnessed a drop in export to China of averagely 8.1%, taking two years to normalize again.

Despite the current international economic and financial setting is designed to contain emerging powers that might challenge the hegemonic status quo, the Asian superpower is trying to assert its role starting from there. China came to develop a two-fold approach to the international setting: increasing its role within the existing setting or build up an alternative. The dynamics of Chinese participation in the WTO confirm it. Indeed, China initially accepted severe constraints attached to its membership but later it largely invested in building legal capacity to compete with the US within the framework of WTO. Shaffer and Gao (2018) illustrate the effort made by the Chinese government to create an alternative legal understanding to loosen unequal treatments and establish its perspective among members. China had to undergo important domestic transformations to become a member, but as time went by the government became an active litigant both as a respondent and as a complainant. China invested in knowledge capital to defend national interests in the organization. It did so by boosting WTO-related capacities among institutions at the central, regional, and local levels. On the other hand, the plans for an Asian Infrastructure Investment Bank (AIIB) and a Free Trade Area of the Asia Pacific (FTAAP) confirm the

search for new platforms. Beijing is attempting at proposing an alternative setting for international trade and finance more favorable to its domestic needs and limiting the US/EU pressure. The threat to replace or alter irreparably the institutional setting is a direct challenge to the Western powers, as they relied on it to advance their agenda, and represent a systemic menace in geoeconomic terms.

China manages to display its geoeconomic power both in a manifest and subtle way, flexing its muscles to advance its geopolitical interests. There are some domestic limits to display of forces as many internal dynamics might alter the current situation in the future, for example, the emboldening of private actors or stock market bubbles. However, the PRC has shown so far, the ability to impact substantially international relations through economic means. Indeed, the Belt and Road Initiative is a clear declaration of hegemonic intentions. China extensively proved how geoeconomic statecraft can be coercive, especially in the Asian region. One of the main tools for conducting its geoeconomic agenda is represented by the gargantuan potential size of its domestic market. Despite China is a fundamentally export-led economy, the country managed to use the promise of access to its market as an advantage in negotiations. Kuan Yes, a Singapore statesman, stated that China “absorbs countries without having to use force” (page 4-6, Allison & Blackwill, 2013). The most distinguishable feature of Chinese geoeconomics is the capacity to nurture asymmetric economic dependence and use it to mold other countries’ stances in the international setting. The PRC uses various approaches to depress imports as a form of retaliation for political misconduct as ad-hoc tariffs or non-tariff barriers or the introduction of arbitrary regulations for standards and patents. Beijing used the greater arbitrariness in its law-making procedure as leverage for geopolitical power, especially in relation to Western countries. Indeed, China retains more control over foreign investments, deciding on a case-by-case method, and often obliging foreign investors to take part in joint-ventures with SOEs or to transfer technology to enter the market. Nowadays, the PRC has around \$3.5 trillion in foreign exchange reserves, mainly managed by the State Asset Foreign Exchange or the China Investment Corporation (Blackwill and Harris, 2016). Financial instruments are accompanied by aggressive industrial policies with foreign affairs spillovers: SOEs are global competitors that follow the directions of the government, pursuing geopolitical objectives and attaching sensitive political conditions.

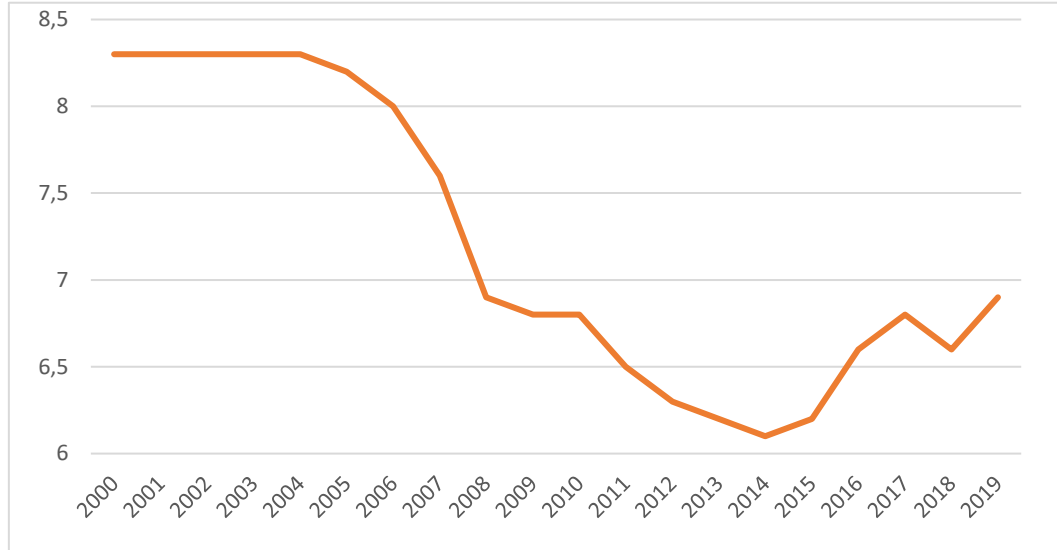
Fig. 2.5) Real effective exchange rate index (2010 = 100) - China



Source: World Development Indicators

For example, investments in Africa are allowed only with the acceptance by the counterpart of the One-China policy. Trade and investments are the main tools in the Chinese geo-economic grand strategy, especially if compared to aid. Officially, the Chinese bilateral aid budget is only \$5 billion per year but with important exceptions, especially in Africa (Brant, 2013). Most of them are image projects rather than humanitarian ones, aimed at strengthening political ties with local leaders. Finally, the conduct of its monetary policy has extensive consequences on the rest of the actors. China maintained a lower exchange rate for the RMB respect to the effective one (Fig. 2.5, 2.6), making its exports more competitive with respect to other developing countries. Despite many states have suffered a competitive disadvantage because of it, the PRC was capable of silencing opposition by offering trade opportunities, financial assistance, and using the threat of its political influence. Today China is the major contender to the dollar system, even if scholars believe that it still lacks the power to overthrow it (Wheatley, 2013). As anticipated in chapter 1, the increasing demand for resources is a significant driver of Chinese foreign policy. The structural features behind the need for an assertive energetic policy are evident considering the size of the Chinese economy and its growth rate. This has been also accompanied by a redirection of US energetic efforts, leaving regions like West Africa in need to restructure its sales and consequently redirecting its geopolitical ties towards the East.

Fig. 2.6 Official exchange rate (LCU per US\$, period average)- China



Source: World Development Indicators

2.3 Sub-Saharan Africa: the new land of opportunities and controversies

From a hopeless land to a land of strategic opportunities, Sub-Saharan Africa has been a fulcrum of international dynamics in the last decade and it is most likely to be central in the geoeconomic and geopolitical calculations in the years to come. The region has been a lower US priority in foreign policy after the end of the Cold War, and the diminishing American engagement in the continent led to a vacuum of power. In an era of rising multipolarity, where various actors try to redefine their presence in the international chessboard, it inevitably paved the way to more assertive foreign policies. China made Africa a top strategic priority. In contrast, the EU had to increase its efforts to maintain strict ties with a traditional zone of influence as Africa, sometimes under the pressure of the US. The renewed international interest in the region is not only explained by the US partial retreat but the weaknesses and strengths of the region both offer appetible opportunities. As African states have generally poor economic and institutional conditions, they are weaker negotiators and more vulnerable to external influences. Finally, the economic opportunities of a developing region, the possibility of acquiring new alliances given the weight of the African bloc in the United Nations, and the continent's wealth in natural resources make Africa the new chessboard for the international competition.

The American disengagement

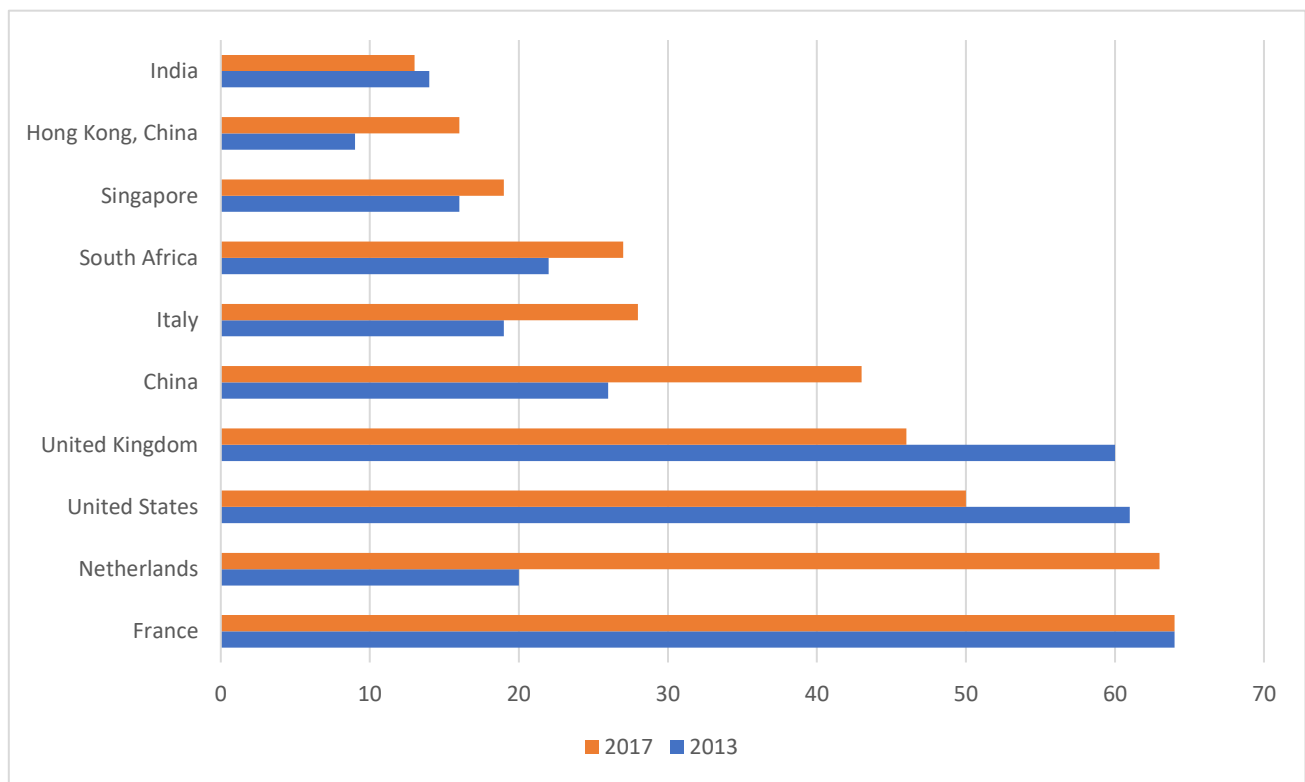
The relationship between the United States and Africa started with the monstrous trade of slaves, Africans were transported across the Atlantic giving origins to the nowadays' conspicuous community of Afro-Americans. Throughout most of the XX century, Sub-Saharan Africa was not considered an area of interest for the United States. However, the situation changed drastically when the African states gained independence and the Cold war deepened. The region became a strategic priority, because the US feared the spread of communism with a domino effect throughout the continent. Henceforth, Americans supported pro-Western and capitalist leaders, often ignoring atrocities committed by them (i.e. Mobutu Sese Seko in the Democratic Republic of Congo). After the fall of the Soviet Union and the end of bipolarity, the United States recalibrated its priorities and reshaped its grand strategy. The Sub-Saharan region was a lower strategic interest in the "New Global Order", and the US focused on the re-orientation of resources towards Eastern Europe and the Middle East. In addition, the Battle of Mogadishu (or Black Hawk Down) represented a watershed in the US-Africa relations. The worldwide televised images of dead American soldiers mutilated, mocked, dragged all over the city shocked the public opinion, pushing the future US administrations to adopt more cautious positions in Africa. According to Letitia Lawson (2007), the incident led to the "Somalia Syndrome" that started a process of disengagement from the region.

The most visible outcome was the presidential decision Directive 25 that aimed at imposing stricter criteria for UN missions, especially when US troops had to be involved. The Rwandese genocide proved the American disengagement: the US administration refused to act and to recognize it as a genocide until the numbers were no longer negligible. As Samantha Power (2001) puts it "staying out of Rwanda was an explicit U.S. policy objective". After the moral scandalous of Rwanda, the US realized that could not afford complete disengagement as the hegemon. With "African Solutions to African Problems" the Clinton administration attempted at portraying a new plan for the region, but it was mostly rhetoric. Indeed, it was labeled as a "virtual engagement" (Alden, 2000). U.S. assistance had been decreasing since the late 1980s in the context of renewed strategic objectives, mainly through the virtual dismissal of the Security Assistance and Economic Support Funds to countries that were aligned during the cold War (Copson, 2005). Even in the years of the war to terror, the US started to create channels to share

responsibility for the regional equilibrium, relegating it to European powers and local factions (Lawson, 2007).

The US is one of the few countries that curtailed its economic and geopolitical presence in the last years (fig. 2.7). While the US concentrated its strategic focus and resources in other regions, other international actors became more assertive. China detected a vacuum of influence and seized the opportunity to increase its international status without directly challenging American hegemony. Nowadays, the US is showing signals of a renewed interest in the region to confront China. The future of the US-Africa relation, however, is still an open question and not addressed in this dissertation.

Fig. 2.7) Top investor economies in Africa, 2013 and 2017 (Billions of dollars)



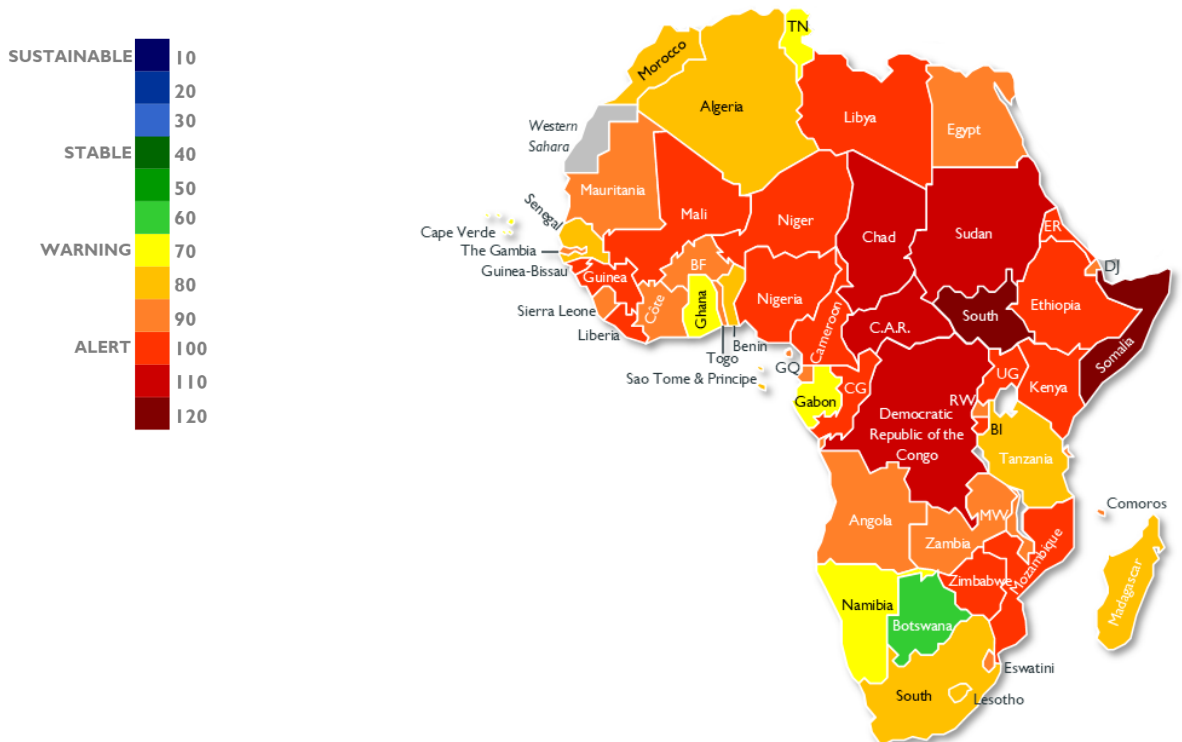
Source: World Investments Report (2019)

Weaknesses of the region

The Sub-Saharan region has historically been a vulnerable area to external influences. The political landscape of the region has significantly transformed in recent years with the increase of south-south cooperation, the rise of the African Union and the Regional Economic Communities. Nonetheless, the

region still lacks an “African geo-strategy” as it is still deeply fragmented, conflicted, and nation oriented (Mthembu & Kornegay, 2020). The pan-African project for a continental actorness in international relations is far from achieved and most of the African governments are still struggling with fragile economic and institutional systems. As the 2020 Annual Fragile Index Report shows, every African country (with few exceptions) is in a worrying situation (Fig.2.8). In 2019, 21 out of 30 most fragile states were African states. However, the significant improvements of the Mauritius, Seychelles, and Botswana- which scored as very stable and stable- demonstrate that Africa is not a “hopeless land”.

Fig. 2.8) Fragile State Index 2020- Africa

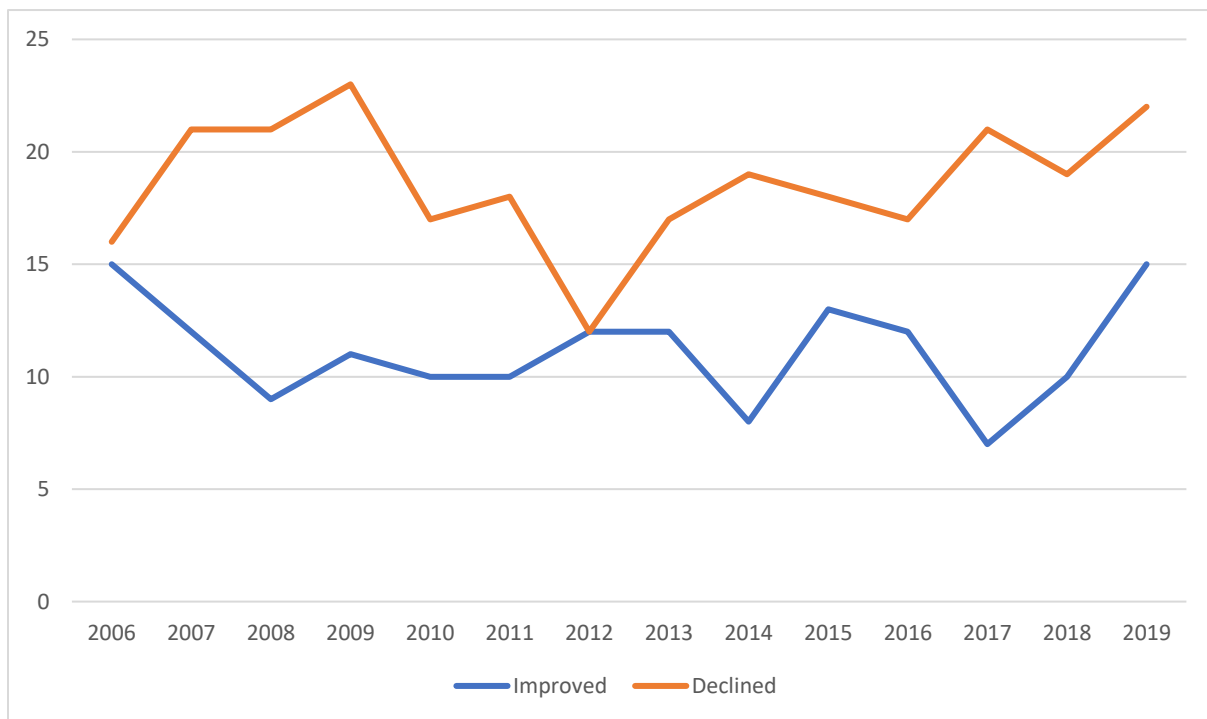


Source: Fragile State Index

The latest House of Freedom report, covering the developments of 2019, reveals a dynamic year for the Sub-Saharan region with respect to previous years (Fig.2.9): the region witnessed both the second-highest worsening as 22 countries suffered declines and the highest improvement with 15 countries increasing their scores (Temin, 2020). West Africa is going through a significant backsliding of democratic principles, Benin and Senegal’s flawed and violent elections contributed to the political deterioration in the area. Similarly, in Nigeria, intimidation and irregularities created a hostile environment for free media

and voting. The situation is more nuanced in East and Southern Africa: in Tanzania, Zimbabwe, and Uganda national leaders' obstacle the expression of independent political activity, but authoritarian regimes underwent some promising reforms, as in Sudan with the power-sharing agreement with democratic forces. Ethiopia is the most notorious case of improvements with the opening to previously banned political groups and the Nobel Prize won by Prime Minister Abiy Ahmed (Repucci, 2020).

Fig. 2.9) Number of changing positively or negatively their score in the Freedom House Index in Sub-Saharan Africa

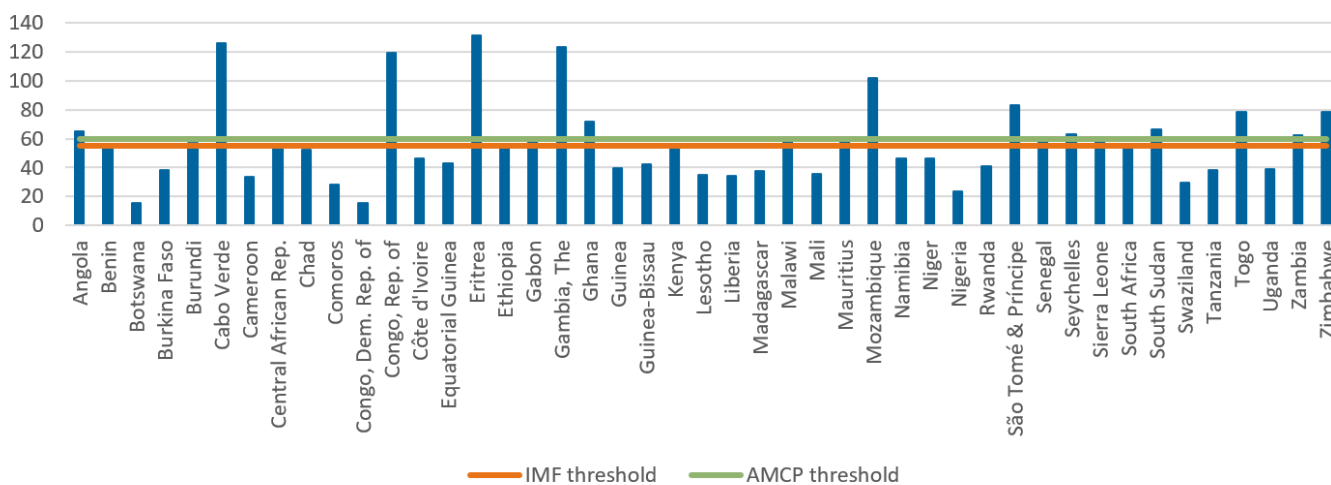


Source: Compiled by the author- Freedom House

In addition to the general unstable institutional setting characterizing the region, poverty is another factor negatively impacting the performance of sovereignty by African states. In Africa, 511.905.691 people live in extreme poverty out of the worldwide 705.139.135 (threshold of \$1.90), 38% of its total population, and roughly 72,6% of the global poor population ("World Poverty Clock", 2020). In addition to the widespread poor economic conditions for the population, the economies of the region proved to be inadequately resilient to shocks and prone to debt crises. In 2017, 19 African countries witnessed a more than 60% debt-to-GDP ratio (threshold of the African Monetary Co-operation Program), and 24

surpassed the IMF 55% threshold. It means that those economies are extremely vulnerable to changes in global or local performance, while governments would necessarily need external support in case of a recession (Ekeruche, 2019). As it happened with the World Bank’s Structural Adjustment Program and the infamously known “Washington consensus”, African states had a reduced capacity to make economic decisions and inevitably became rule-takers.

Fig. 2.10) Government debt as a percent of GDP for African countries, 2017

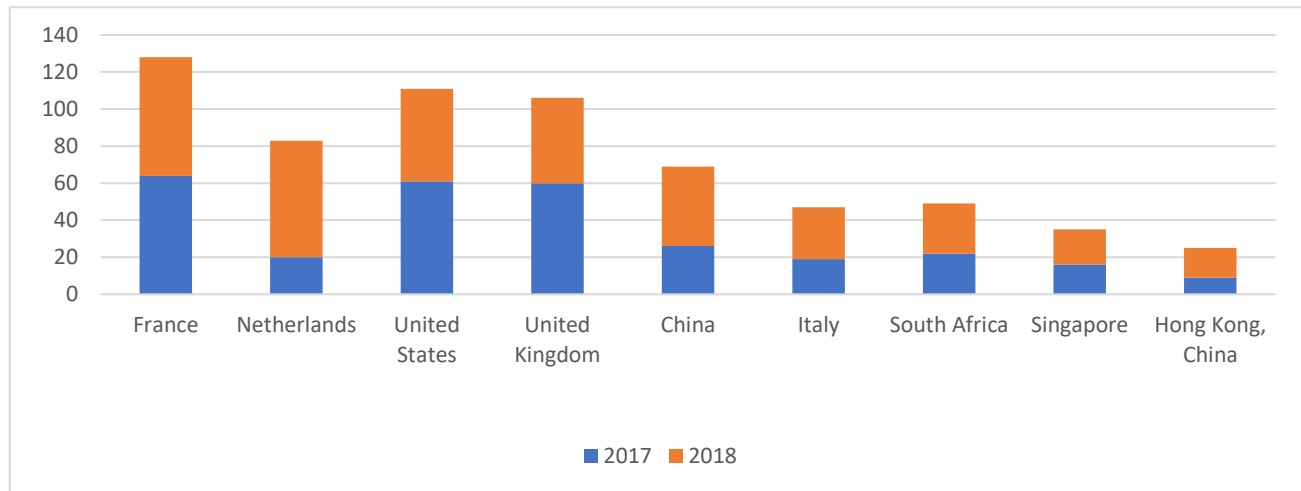


Source: IMF, 2018. Regional Economic Outlook

As the economic growth struggled to boost from domestic factors, many African countries rely on external flows to sustain its economic planning. In the UNCTAD World Investment Report 2019, it is shown how Africa escaped the global negative trend in FDI and managed to attract +11% of investments in 2019 with respect to 2018. In the Sub-Saharan region, the increase was of +13%, after the contractions of the past years. Southern Africa had the most significant improvement reaching \$4.2 billion, investments to east Africa remained constant but it declined by 15% in West Africa, mainly for a negative performance of Nigeria.

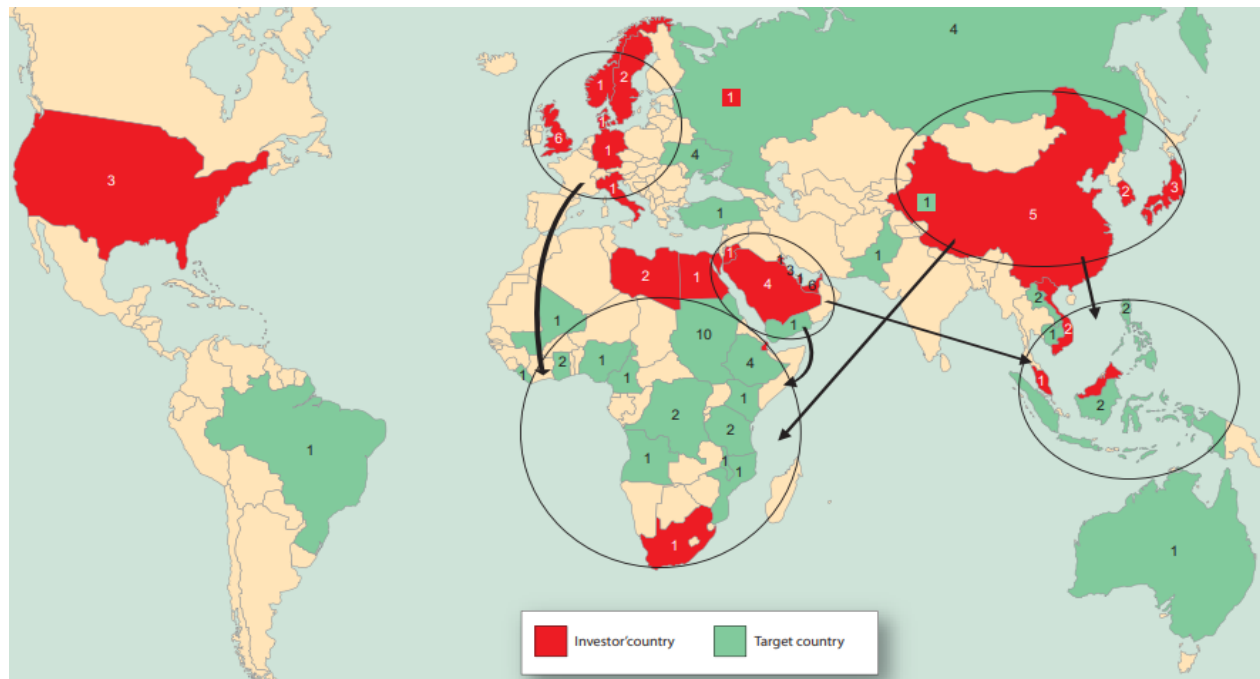
The foreign flow of capital is considered important for the region, and the increasing number of special economic zones (SEZs) and the AfCFTA are expected to attract even more investors. Nonetheless, the share of FDI to Africa is still low when compared to other regions (Fig. 2.11).

Fig. 2.11) FDI inflows, by region, 2017–2018 (Billions of dollars and per cent)



Source: Compiled by the author- UNCTAD

Fig. 2.12) Investor and target regions and countries in overseas land investment for agricultural production, 2006–May 2009 (Number of signed or implemented deals)



Source: UNCTAD -World Investment Report 2009

The academic world is divided on whether FDI to Africa can have a real impact on development or rather reinforce dependency, while international concerns rose over the FDI in the field of agriculture. In an Issue paper for the World Summit on Food Security of 2009 with the title “Foreign direct investment – win-win or land grab?”, the FAO denounces how this kind of investments are not beneficial for development and undermine the sovereignty of the recipient states. Indeed, because of the poorly defined property rights norms and the weak institutional setting, it is difficult to assess how and from who the land is now being used, with Sub-saharan Africa being the main target area (Fig. 2.12)

A Land of Opportunities

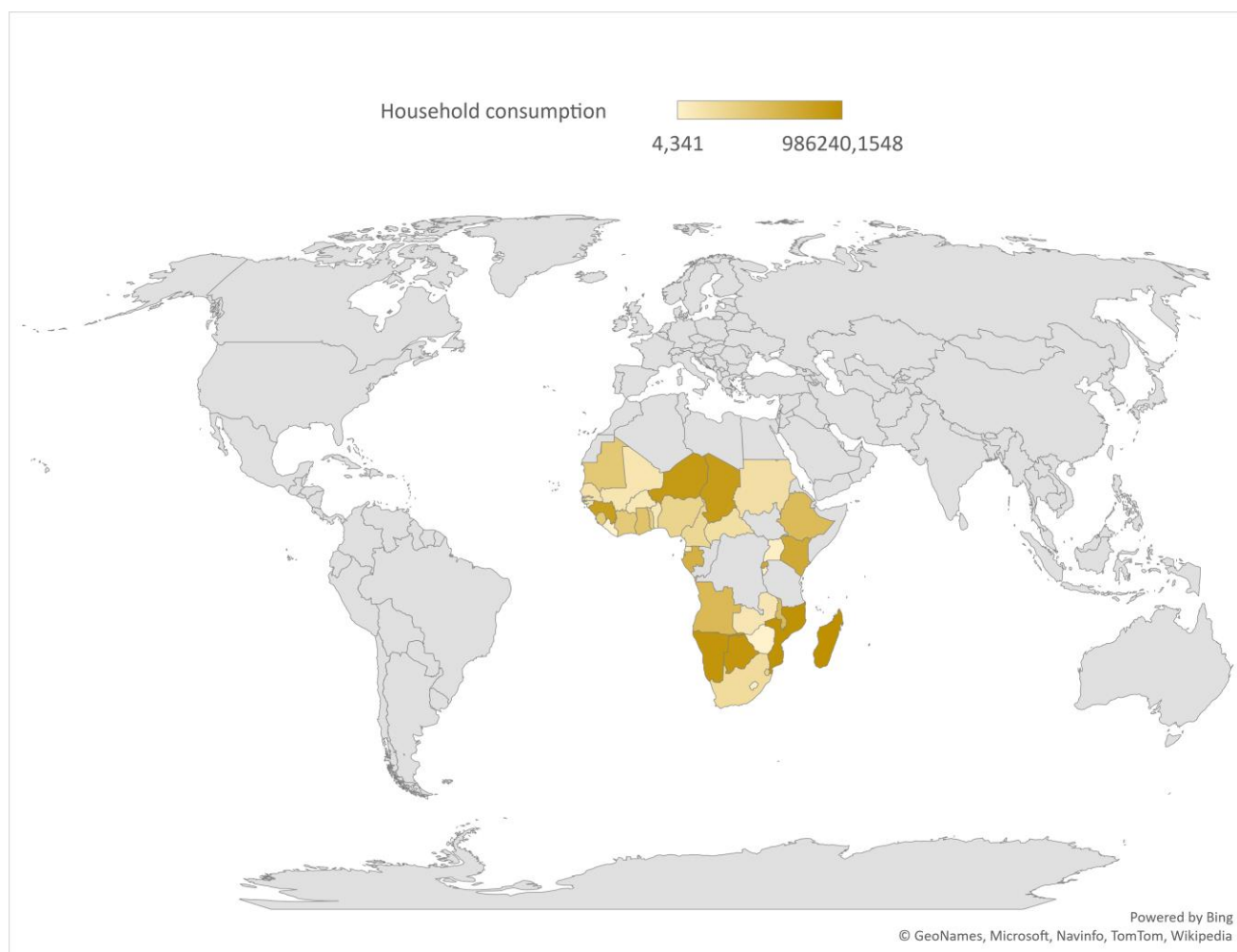
Africa is no longer the hopeless continent we are used to imagining. Since the late 1990s, the first steps toward development were made, but a concrete and sustainable development is still far. Nonetheless, few indicators suggest a positive path for the region: more reasoned management of the public funding, increasing accountability of governments, and the expanding domestic demand. The economic growth experienced by Africa has been both cause and consequence of a renewed interest of external actors: public and private investors are in search of economic opportunities in the extremely natural resources rich countries of the area, and the financial prospect of new emerging markets is attractive as well (Radelet, 2010). The renewed idea of Africa as "emerging Africa" and “land of opportunities” dominated the foreign policy stances of both developed and developing states. The second half of the 1990s represented the turning point for the African economy: growth rates stabilized over time and increased consistently in the next decade. Six of the higher rates of growth in the 2001-2010 lapse of time were sub-Saharan economies, with an overall mean of 8% (“The lion kings?”, 2011). After a moment of stuck, in 2012 the region experienced a new boost in the growth rate achieving 4.2 %, higher than the one of BRIC (Brazil, Russia, India, China) roughly around 3.8%.¹

Despite some obstacles to development, Africa is expected to become more populous with an extensive young labor force, increasingly urbanized, educated, and digital. In an era of global economic slowdown, the almost unexplored African economy turns to be more appetible to private actors and states than ever before. The continent offers a vast unfulfilled demand for goods, services, jobs, and infrastructures.

¹ Extract from “ITALY AND AFRICA The evolution of Italian approach to Africa during the XVII legislature and a risk-opportunity analysis in light of the national interest”, Colaiuta (2018)

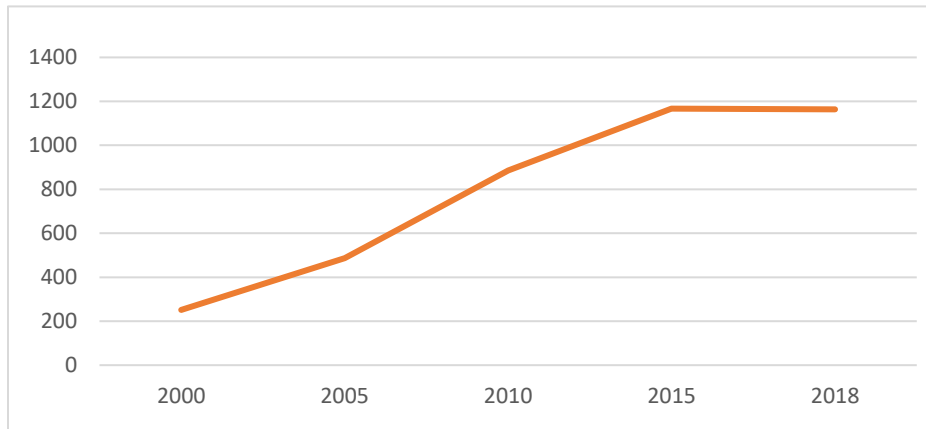
Indeed, African consumer markets are not as saturated and developed, even if compared to Asia and Latin America. There are already positive signs as far as the consumer expenditure is concerned. Indeed, it grew at a compound annual rate of 3.9%. It arrived at \$1.4 trillion in 2015 and is projected to be \$2.1 trillion by 2025. Moreover, if the AfCFTA will be fully implemented by 2030, the continent would become an enormous market of 1.7 billion consumers (Leke, Chironga, Desvaux, 2018).

Figure 2.13) Households and NPISHs Final consumption expenditure 2018 (current US\$) (in billions)



Source: Compiled by the author- World Development Indicators, 2018

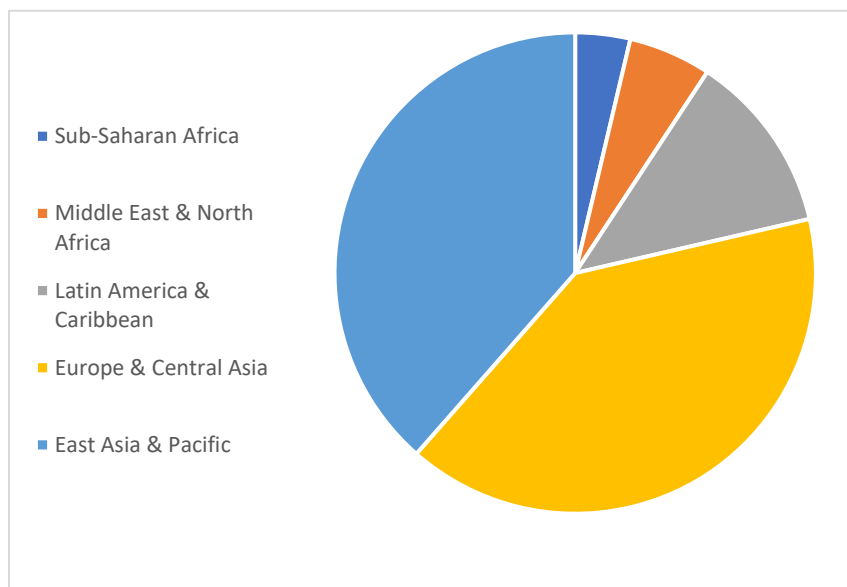
Figure 2.14) Household final consumption expenditure (current US\$) in Sub-Saharan Africa



Source: Compiled by the author- World Development Indicators, 2018

Compared to other regions, however, Sub-Saharan Africa's formal consumer spending has proved more stagnant in recent years (fig.2.14). Nonetheless, most economic exchanges in the region take place in informal markets, not accounted for in official statistics. Nowadays, the Sub-Saharan market is the least developed in the world (fig.2.15) and yet its total consumer expenditure accounts for 8% of the emerging economies' total, as Brazil and Russia, revealing massive potentialities.

Figure 2.15) Household final consumption expenditure (current US\$) in developing regions, 2018



Source: Compiled by the author- World Development Indicators, 2018

The sub-Saharan region is also a region extremely rich in natural resources, a particularly important factor in the contemporary geoeconomic arena because of the neo-Malthusian anxieties (chapter 1). The structural increase of energy demand, the international need for diversified energetic portfolios, and the fight against global warming are factors driving international actors' attention. China, in particular, became an importer quite recently (1994 for oil, 2007 for gas) and a new dimension of competition emerged. As the Chinese demand for raw material and energy supply increased, the more Africa became a subject of interest in Beijing's grand strategy. The rising importance for Africa in the energetic calculation has been triggered also by the instability of the Middle East and the volatility price of oil from the region. Admittedly, Africa represents only 10% of proven reserves, compared to the Middle East 63%, but its potentialities should not be underestimated. Indeed, African oil is more attractive than the Middle Eastern counterpart as its low sulfur content allows to substantially cut the cost of refining and better meets the strict Western environmental standards. Moreover, African nations usually lack the technological development and the capital to independently explore. Hence, they usually grant particularly profitable PSAs (Lin, 2007).

In the first years of the United Nations, the role of African territories was inevitably diminished by its legal status of Trust Territories or colonies. Nonetheless, as decolonization reached its momentum and African states became internationally recognized as independent states, the weight of Africa changed substantially. With UN membership, African states sought cooperation and coordination to advance their position, especially in matters of independence and discrimination. As the caucusing groups have developed, the attempt to reach coordination among African countries regarded also non-African issues (Spencer, 1962). That is not to say that African states do not have disagreements or are always aligned in voting. However, they represent about 25% of seats in the UN General Assembly. To gain influence over the region can grant also significant support in the UNGA, as China is perfectly aware of.

3. THE EUROPEAN DEFENSIVE ENGAGEMENT

Under the pressure of Chinese assertiveness in Sub-Saharan Africa, the European Union reframed its development policy for the region opting for a defensive engagement

Europeans are no longer alone in Africa. The scale of non-Western engagement in the region is unprecedented and it is limiting the Union's room of maneuver, pushing it to respond strategically to the rising competition. "The new scramble for Africa" transformed the continent into a geoeconomic chessboard and a global market, prompting intense diplomatic, commercial, and financial activities. The large-scale and growing Chinese presence in the region is a consolidated reality, and the EU and its member states must cope with it. Indeed, the EU priorities and strategies will inevitably collide with other powers, especially the PRC (Faleg & Palleschi, 2020). Beijing proposes a completely different paradigm of cooperation to Sub-Saharan countries jeopardizing the European power in the region. As a matter of fact, the EU faced increasing challenges in the region with the emergence of China as a major geoeconomic actor and had to reframe its agenda to respond. This chapter is dedicated to analyzing how the European Union reacted to the competition with China in Sub-Saharan Africa, addressing the main trends of evolution in its cooperation policy. General patterns of adaptation can be detected and labeled as defensive engagement since the Union reinvigorated its efforts towards Africa but avoided open confrontation with China. This part of the dissertation is the core of the research conducted, and it attempts to answer the question of 'How did the European Union respond to the geoeconomic pressure of China in Sub-Saharan Africa?', before testing the findings in a case study.

The chapter is divided into five sections, each illustrating a significant change in the European agenda and foreign policy. The main observations drawn by the research conducted on primary and secondary sources reveal that:

1. The rise of China as a geopolitical actor in Sub-Saharan Africa reinvigorated and compacted the European interests in the region while fueling the strategic relevance of Africa
2. The rise of China as a donor in Africa led the European Union to reform its development policy and criteria for access to aid
3. Both the Commission and the Council pushed for a form of triangular cooperation as an attempt to protect existing fora, standards, and the European interests
4. The EU investigated new economic instruments for cooperation to keep up with China, promoting blended finance to engage private actors
5. The normative identity of the European Union in the international stage is under pressure because of the appealing Chinese pragmatism, the European Parliament has been vocal about this threat

Overall, the rise of China as a major and alternative actor in Sub-Saharan Africa raised concerns in Europe but functioned as a catalyzer for a more coherent and integrated cooperation policy with the region. The Union identified its key interests with the maintenance of its regulatory power and the preservation of the financial institutional setting, making open confrontation a counterproductive choice. This calculation has been the main driver for the discussions on triangular cooperation and the revision of the traditional financial instruments. The rise of China from the recipient to donor status led also to a change in the eligibility criteria for bilateral aid from the EU, as the Union decided to reorient its resources from MICs to LDCs (more generally to the African continent). Finally, the Union has not yet solved a fundamental controversy of its cooperation policy linked to the “non-interference” policy of China. The normative identity of the European Union in the international stage collides with its engagement with pragmatic China, as the European Parliament denounced.

3.1 An integrated European front

- *The rise of China as a geopolitical actor in Sub-Saharan Africa reinvigorated and compacted the European interest in the region while fueling the strategic relevance of Africa*

In his book “The new scramble for Africa”, Pádraig Carmody (2016) illustrates how the United Kingdom² and France diverted in their strategies and interests in engaging with Africa as former colonial powers. Indeed, they both have an active legacy and commitment to the region as a result of centuries of presence in African countries. In the late 90s, with Tony Blair as Prime Minister the Sub-Saharan region returned to be a top priority in the British agenda. Tom Porteous (2008, p.5) describes the renewed interest as “self-consciously interventionist and neo-imperialist, albeit justified in terms of partnership with African leaders and humanitarianism”. As it happened with other geopolitical objectives, the United Kingdom aligned with the United States in the strategic agenda for Africa. Differently, France has always maintained a more autonomous stance with respect to the dependence on the United States and pushed for the European integration as a counterweight to the US-UK special relationship. The continent has traditionally been the most important zone of influence for France, which pursued for a long time the project of a “Françafrique”. Despite Sarkozy loosened French strategic ties with Africa to reposition the country in the Atlantic alliance, France and the UK maintained different agendas and objectives in their geopolitical calculations about Sub-Saharan Africa. The rise of the terrorist threat in Europe and the Chinese assertiveness compacted the internal fracture of the Union, revealing the need for a European front.

Indeed, up to that moment, the EU foreign policy had been almost completely focused on Eastern Europe. As member states realized the possible implications of the geoeconomic assertiveness of China, the feeling of urgency for a compacted European response spread among officials (Tull, 2008). Despite its rapidness, the Chinese rise as an actor in Africa was gradual. However, European countries initially failed to foresee the potentiality of Beijing in the region. Indeed, the FOCAC was established in 2000 and it

² The United Kingdom will be taken into consideration when dealing with EU interests and policies as it used to be a prominent member state in the years analyzed in this chapter

represented only the tip of the iceberg as the entire field of cooperation was evolving with the emergence of South-South cooperation. Initially, the Union undervalued the implications of these changes. However, in the medium run, this transformation pushed the Union to reconsider its role in international relations and more specifically its relationship with Africa and China (Carbone, 2011). From 2005 onwards, the Commission started a process of revision of its external relations with the Sub-Saharan region. The DG DEV was considered in charge of developing a coherent stance, capable of representing the multifaceted European interests and developing a Communitarian geoeconomic agenda.

The Commissioner for Development and Humanitarian Aid Louis Michel supported the transformative engagement of Europe because it fostered the Commission's political mandate beyond its traditional technical role (Stahl, 2018). The 2005 is called "the year of Africa" (Carmody, 2016) because the EU adopted its Africa strategy: an EU policy document presenting a plan for the Union's engagement and cooperation, a communitarian response to the changing situation in Africa. In the document it is stated that "for too long the EU's relations with Africa have been too fragmented, both in policy formulation and implementation" and "the purpose of this Strategy for Africa is, therefore, to give the EU a comprehensive, integrated and long-term framework for its relations with the African continent" (European Commission, 2005). The Commission proposed the vision of One Africa and One Europe, surpassing the previous national and nation-focused commitment to advance a unitarian agenda. Through this innovative document policy, the DG DEV proposed two innovations: the development of a continental specific approach beyond the ACP group, and the support to the recent innovative African Union that resulted as a natural partner for the EU. The FOCAC Summit of 2006 might be considered a watershed in the European foreign policy towards Africa, as European countries realized the growing influence of the PRC and further accelerated the European integration on cooperation. Undeniably, Europeans perceived it as a potential threat to the longstanding relationship with Africa and the Western paradigm of development altogether (Carbone, 2011). Despite Germany is not a former colonial power as the UK or France, it had a significant role in such acceleration since – in light of its recent history- it prefers to work through the Union's framework to pursue its objectives as a large exporting country. Indeed, as many scholars pointed out (Stahl 2018, Carbone 2011, Carmody 2016), the second EU-Africa Summit held in Lisbon in 2007 can be considered as the evidence of the change of path in cooperation and a consequence of China's presence in the region. The first EU-Africa summit had been held in 2000,

and until 2007 all the attempts to organize another one failed. The European concerns over the respect of human rights provoked a stalemate in the EU-Africa relationship, which was overcome right after the 2006 FOCAC. Indeed, as Stahl (2018) puts it “the second EU-Africa Summit shows that China’s increasing engagement with Africa has prompted the EU policymakers to take another look at their relationship with Africa”. In 2007 the European Union organized the Lisbon Summit, despite the controversial and strongly opposed presence of Robert Mugabe, President of Zimbabwe, and subject to a travel ban for severe violations of human rights. Finally, the EU had to put aside its reservation and invited President Mugabe since the Summit was perceived as crucial for the Union’s foreign policy. The Commission and the Council had also been working on the draft of a bilateral Strategic Partnership. In 2007, the Commission published a document that starts by stating “Africa is now at the heart of international politics”, making a reference of the growing Chinese economic presence without explicitly referring to it, and propose an economic and political partnership beyond the donor-recipient traditional relation (European Commission, 2007). After the 2000-2007 stalemate, four summits were organized in the years from 2007 to 2017 (“Africa- EU Summit | The Africa-EU Partnership”, 2020).

The geopolitical question of Sino-African economic relations became central to the geopolitical calculations of Europe, prompting member states towards a renewed strategic interest in the region and the integration of their national visions into a European agenda. China became the catalyzer factor in reorienting the commercial and cooperative priorities of the Union towards Africa (Berger & Wissenbach, 2007). The EU’s initiatives to review its relationship with Africa, the proposal of a joint Strategic Partnership, and the 2007 Summit can be considered part of the European defensive response to China’s economic confidence (Carbone 2011, Stahl 2018).

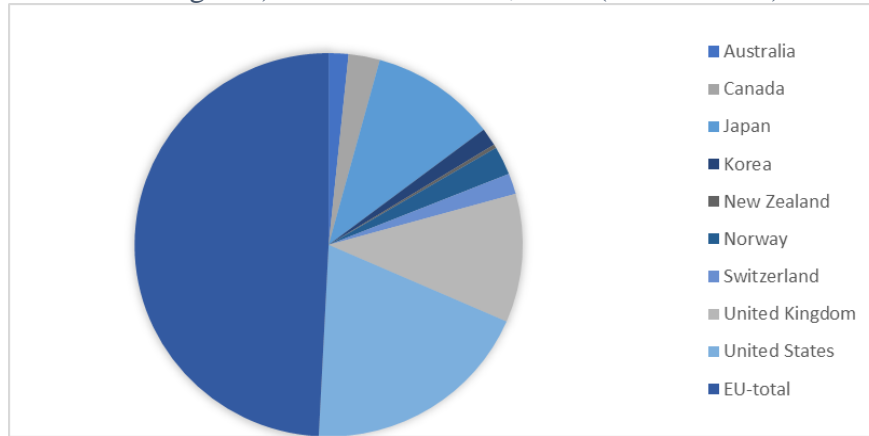
3.2 The paradox of new donors and the need to adapt

- *The rise of China as a donor in Africa pushed the European Union to reform its development policy and criteria for access to aid*

The European Union started a broad process of reformation of its development cooperation policy since 2010, under the pressure of the evolving international multipolarity. The field of development occupies a central role in the European foreign agenda, and it was expanded and integrated over time. Considering

the development budget of both member states and the EU organs, the Union is the world's first donor, representing almost 50% the global ODA (Fig. 3.1).

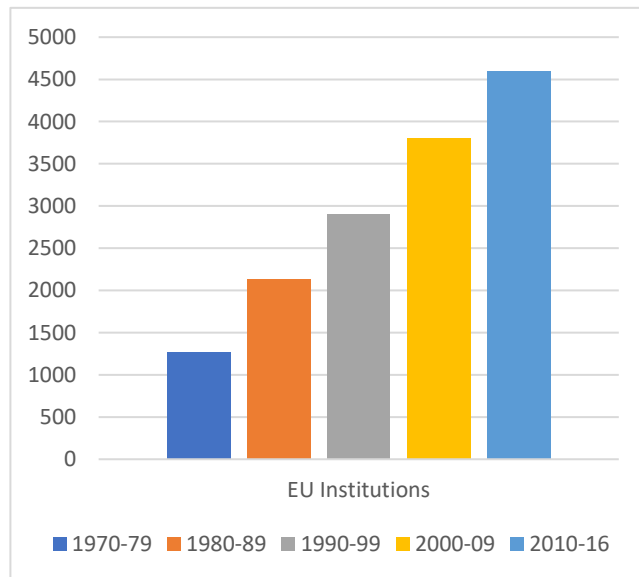
Fig. 3.1) Total Gross ODA, 2019 (USD million)



Source: Compiled by the author, OECD

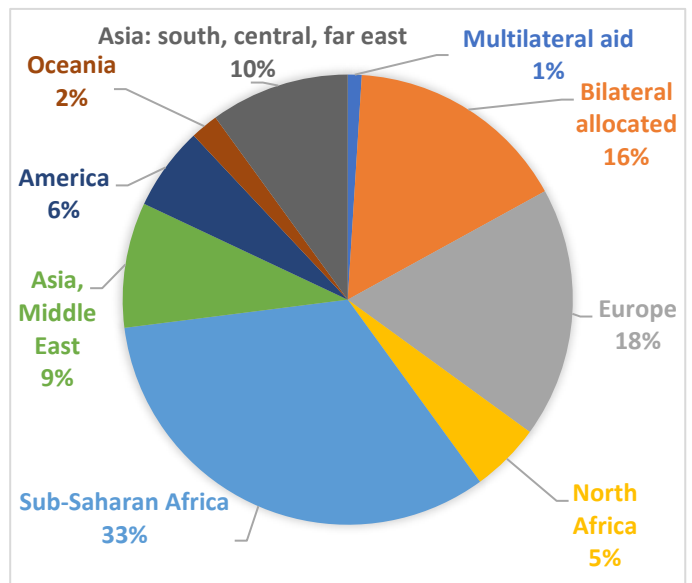
The European Commission is generally responsible for designing and implementing development policies, and it entrusts the task of setting a strategic agenda for the Union. The economic and political ties with the African region are the longstanding legacy of the colonial past of key European actors, making it part of the natural strategic depth of the Union.

Fig. 3.2) ODA to Africa by EU institutions (2015 USD, million)



Source: Compiled by the author with OECD data

Fig. 3.3) Regional distribution of EU Aid (ODA) in 2013



Source: Compiled by the author, European Commission 2014

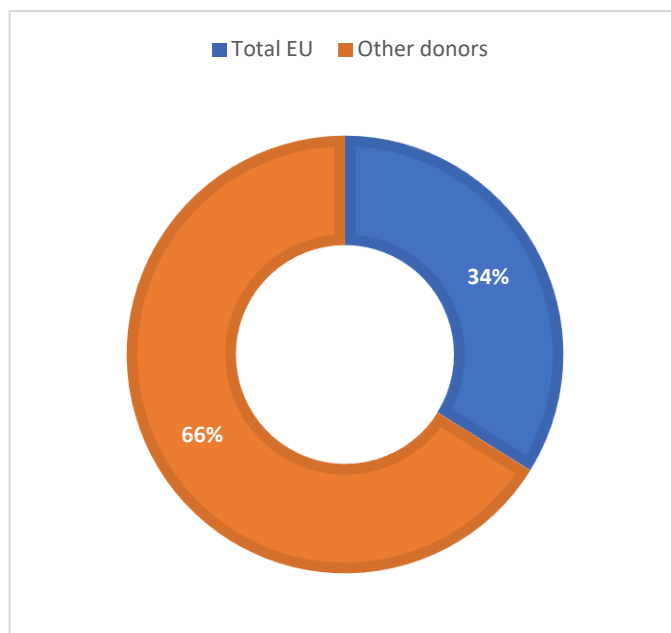
The development funds dedicated to the Sub-Saharan region have expanded over time (fig. 3.2) since the region has traditionally been high in the European priorities, representing the major receiver of European aid (Fig. 3.3). Even among DAC countries, the Union and its member states represented around 34% of total ODA to Africa (Fig. 3.4, 3.5) making of the EU an extremely relevant partner for the continent.

Fig. 3.4) ODA to Africa by DAC donor (2016 USD, million)

France	2850
Finland	265
Germany	2678
Ireland	305
Italy	306
Netherlands	754
Portugal	192
Spain	321
Austria	105
Czech Republic	7
Greece	7
Hungary	2
Luxemburg	114
Poland	28
Slovakia	2
United Kingdom	3492
Sweden	938
Total EU	19.167
Other donors	37.390

Source: Compiled by the author, OECD (2018)
The EU total includes UK as former member states in 2010-17

Fig. 3.5) Aggregate ODA to Africa (2016 USD, million)



Source: Compiled by the author, OECD (2018)
The EU total includes UK as former member states in 2010-17

However, the landscape of international cooperation is in perpetual transformation, especially in the last two decades with the rise of multipolarity and emerging donors. The Union had to adapt and transform its engagement, facing an increase in competition. Despite the emerging powers do not belong to the DAC group, the flux of financial instruments similar to ODA had a significant impact on the development field. Chinese flows resembling official development assistance represented 76% of the total economic

engagement of emerging powers in Africa over the 2003-2012 (European Commission, 2015). China's aid policy involves the entire region, with Ghana, DRC, and Ethiopia as first receivers.

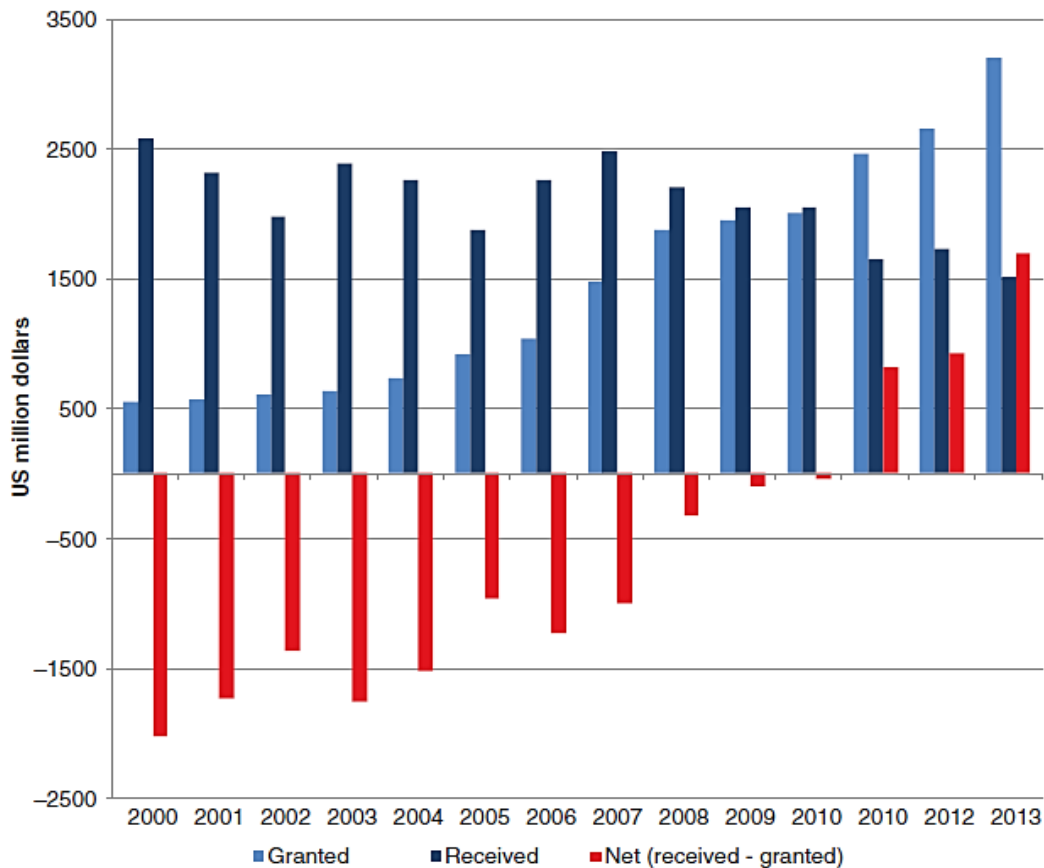
These new aid funds are often delivered outside of the established institutional setting, beyond the framework agreed by the DAC (OECD Development Assistance Committee) and as direct channels to secure access to key resources (Keane & te Velde, 2011). Chinese officials tend to blur the line between development finance and aid: Beijing is a major stakeholder in the first, which differs from aid as the funds received are repayable loan, with the government only providing for the difference between the interest conceded and the commercial one (Sun, 2014). These actors propose different patterns of behavior and financial instruments, inevitably pressuring the existing framework and traditional donors. Woods (2008) describes this emerging competition in the cooperation field, highlighting the role of China in the African continent. Indeed, the emerging donors are supported by a general dissatisfaction of African states with the traditional aid schemes, and DAC donors were obliged to reconsider the established development regime. The general Western opinion about these aid flows to the region, however, is extremely critical and China is accused to foster rogue states, discredit international sustainability standards, concede financially risky loans and jeopardize regional security. Traditional donors fear the ambiguity in the distinction between aid and non-aid in Africa, as China complements concessional credit with semi-commercial activities involving trade, investments, and firms (Bräutigam, 2011). Chinese aid policy is under scrutiny and attack by traditional donors, that criticize the normative implications (addressed in section 3.5) of the ‘Angola model’³. However, China manages to provide an actual contribution in situations where DAC countries are reluctant to become involved.

Not only the emergence of new donors pressured the existing rules and the institutional setting, these states became simultaneously receivers and donors representing a paradox in the development field for traditional actors. China is the best example of the parabola from major recipient to major donor, and the possible coexistence of these two opposite conditions (Fig. 3.6). The Chinese “economic miracle” sparked debate on cooperation in the last two decades; and even if it still accounts for the second

³ The name usually attributed to the Chinese aid paradigm, characterized with resource and profit-oriented aids in unstable countries in a partnership between equals.

worldwide poor population, the necessity to provide the PRC with assistance aid is under scrutiny. Indeed, the spatial geography of poverty has changed over the years and the new distribution of people under the poverty line is increasingly challenging for the EU and its development policy. Sumner (2010) analyzed data showing how the global distribution of people living below the poverty line of \$1.25 per day shifted from predominantly low-income countries, with 72% of them now living in Middle-Income Countries (MICs). Fejerskov (2013) emphasizes how these changes have repercussions on the EU development cooperation as poverty appears now as a national rather than international distribution problem. The paradox of countries being both recipients of aids and donors challenged the method to allocate developmental resources for the Union. China was outperforming every Western country in economic growth, and yet it was still eligible for aids.

Fig. 3.6) Total aid received and granted by China, 2000–2013 (US\$ million)



Source: Stahl (2018)- OECD Creditor Reporting System 2016

The EU acknowledged the challenging evolution in the field of aid, and in 2011 the Commission presented a policy paper “Increasing the Impact of EU Development Policy: An Agenda for Change”. (European Commission, 2011). The policy paper discussed the differentiation among developing countries, the new role of the External Action Service after the Lisbon Treaty, and most importantly the need to frame a coherent, collective, efficient development agenda. The new approach of the Union includes a reorientation of resources, favoring LDCs in Africa to MICs (as China). The Union decided that countries representing more than 1% of global GDP and holding the status of upper-middle income countries must be excluded from bilateral aid.

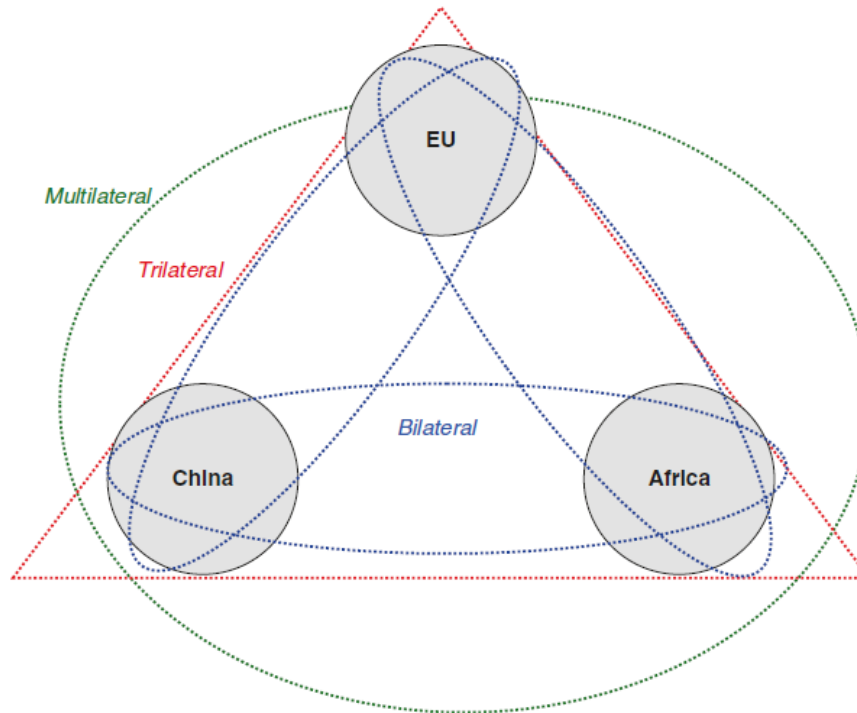
The Commission reviewed the criteria to accede the Development Cooperation Instrument in 2011 (European Commission, 2011), excluding MICs and G20 countries stating that from 2014 they would have no longer been considered eligible for aid. As Stahl (2018) concludes in her book after a series of significant interviews with European officials, the European reform in the field of development was a direct consequence of China’s status as a key donor in Africa and targeted the country specifically.

3.3 Winning without fighting

- *Both the Commission and the Council pushed for a form of triangular cooperation as an attempt to protect existing fora, standards, and the European interests*

The Union initially reframed its development policy and relaunched its engagement in Sub-Saharan Africa, then it attempted at introducing a form triangular cooperation with China and Africa. Trilateral cooperation was expected to increase the aid effectiveness by harmonizing donors’ policies, build a systemic exchange of specific knowledge and decrease the costs of implementation for receiving countries. Most importantly, however, Western countries believed it to be an effective instrument to preserve the existing fora of discussion and integrate emerging powers in the established institutional setting (Grimm, 2011). Triangular cooperation is a multilevel and multifaceted form of cooperation, extremely challenging (Fig. 3.7) and its feasibility it is still under discussion. Humphrey and Messner (2006) highlighted as the rise of China undermines the agenda-setting role of industrialized countries, while weakening their international status and credibility. This role might prove particularly disruptive with the global governance and the Bretton Woods institutional setting, as it challenges its legitimacy and standards constantly.

Fig. 3.7) Overview of EU, China, and Africa trilateral relations



Source: Stahl (2018)

According to Messner (2007), the EU has been called to play a central role in the international setting: the rising multipolarity is stressing the Western-designed multilateral framework and the United States is not taking action in its defense, leaving the EU to perform a primary role in this sense. Hence, the EU's highest priority is to preserve the role it gained over time in the multilateral setting and to pursue the stabilization and modernization of the global governance framework. The Union should try to win without fighting, bringing China inside the institutional architecture, and preventing Beijing from offering a suitable alternative tailored to Chinese needs (as mentioned in Chapter 2).

Wissenbach (2016) analyzed the situation through the EU's lenses and concluded that when facing the Chinese rise the EU had only five options:

1. Challenge China in the fields where its presence undermined the European interests
2. Wait and observe how its actorness would evolve
3. Launch a bilateral dialogue with China on Africa

4. Push for China to join the OECD and the DAC
5. Engage in a trilateral dialogue, recognize Chinese legitimate interests, and attempt at containing confrontation

An open confrontation would have not led to any benefit as a race to the bottom in loans, grants, and aids would have jeopardized African plans for developments and pressured both the European and Chinese financial systems. The choice that the EU faced was not easy as it had longstanding implications regarding its role in international politics (Carbone, 2011). Finally, the EU decided on the fifth option. Men and Barton (2016) identify the Chinese increased presence in the region as the direct cause of the Commission's willingness to engage in trilateral dialogue since it preferred it to other policies that would have caused international tension. This does not mean that the EU gave up on the protection of its core interests in Africa. On the contrary, it chose the triangular cooperation as its instrument to protect the European position while avoiding a counterproductive open confrontation. It is important to stress that the Union had to weight in its calculations also the need to preserve positive EU-China bilateral relations, considering the robust economic ties among the two trading blocs. Nevertheless, the feasibility of triangular cooperation is challenging. Indeed, China and the EU pursue different development paradigms: the EU promotes mainly horizontal programs involving the civil society, grants or aid, targeting poverty and welfare as top priorities in its narrative, while China supports primarily financial projects, mixing concessionary and market-based loans while investing in heavy infrastructures and resources but with no-conditions attached (Bund & Makocki, 2016).

Regardless of these differences, discussions about the possibility to form a triangular framework for cooperation were immediately backed by both the Commission and the Council. With the organization of the conference “Partners in competition? The EU, Africa and China” in June 2007, the efforts by the Union to engage both actors started. This first Conference already revealed few important strategic objectives of the Union: protect the existing international standards and its regulatory power, englobe China’s actorness in the traditional and Western designed dynamics, while identifying common objectives to be pursued together. Stahl (2018) observes that “the Commission largely conceived the conference as a foreign policy instrument of transformative engagement (that) explains why the discussions were largely centered on topics of concern for the EU”. In his speech, Commissioner Michel (2007) emphasized the primary role of existing standards and international organizations in the Union’s

program of TDC, even though China had not a role in the establishment of the current regulatory framework. The triangular cooperation became extremely important in the EU agenda, involving several organs, and leading to some internal tensions (Carbone, 2011). In 2008, the Commission formalized the proposal of trilateral dialogue and was immediately supported by the Council. The communication put forward focused on three key principles: cooperating in specific projects, support the engagement of African actors, and boost the effectiveness of aids (European Commission, 2008). The document reveals what has been already described in Chapter 1, both the EU and China include peace and security in the objectives of development policy in light of the economization of security as they recognize the so-called *security-development* nexus. Hence, it is a form of trilateral geoeconomic cooperation.

The project of trilateral cooperation is still under construction, but the Union faced resistance especially from African leaders and the European Parliament. The resolution adopted by the EP on 23rd April 2008, labeled China as a competitor and accused Beijing of risky lending that jeopardized the economic stability of the African countries. The PRC had been accused also to participate in the perpetuations of human rights violation and of financing tyranny, the EP concluded urging the EU not to engage in trilateral cooperation (The European Parliament, 2008). This started a process of othering with China, undermining the new image of it as a partner, and initiated a “blame game” when China backfired (Carbone, 2011). The Commission tried to rebuild a bridge, intensifying its diplomatic activity with Beijing, and describing the EP resolution as an “accident” (Michel, 2008). On the other hand, African leaders did not show particular support for the proposal since they believed more profitable for African countries to play donors one against the other (Berger and Wissenbach, 2007).

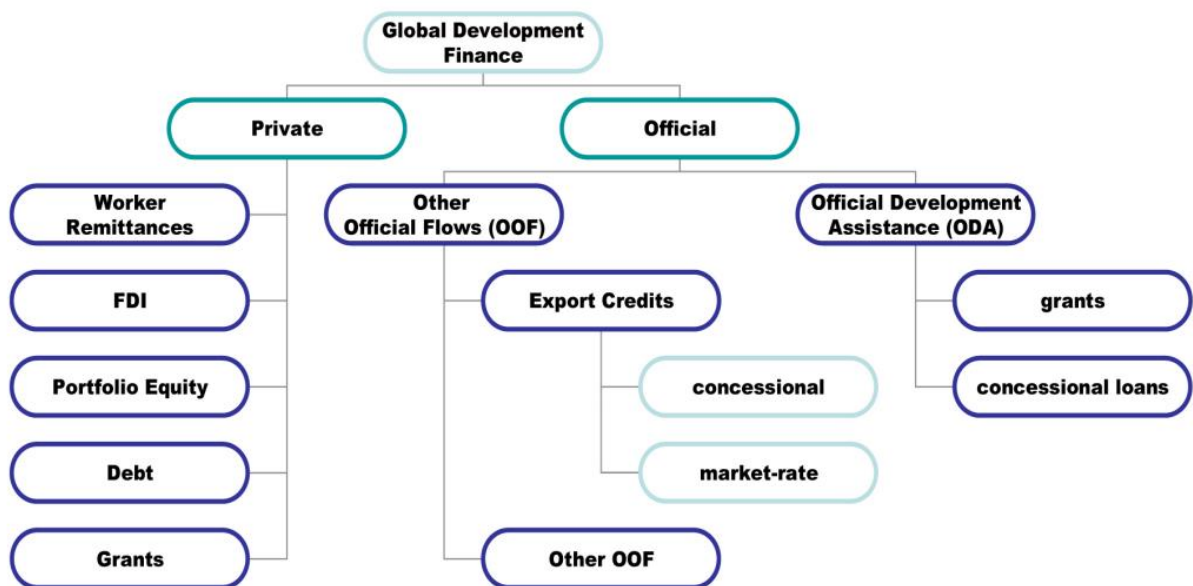
Despite the effectiveness of the European project is still difficult to assess in 2020, the adoption of triangular cooperation including South-North-South actors, involving macro-actors, represented an absolute novelty in the EU external relation. As mentioned above, this was a strategic response to the Chinese assertiveness, and it represented the European attempt to win the competition without fighting.

3.4 New instruments for a new fight

- *The EU investigated new economic instruments for cooperation to keep up with China, promoting blended finance to engage private actors*

The rise of emerging donors such as China changed the international development landscape, not only for the entrance of new actors on the stage but for the substantially different economic tools used. The new approach to development pushed the conventional donors (DAC), and especially the EU, to rethink the traditional donor-recipient relationship with developing countries. As illustrated in figure 3.8, the international financial architecture is composed of different financial flows for development beyond the traditional ODA.

Fig. 3.8) Global Development Finance



Source: Bräutigam, 2011

The share of non-DAC donors is often amplified and exaggerated in the media, as it still represents only around 15% of global development flows (fig. 3.9). Hence, the real threat to traditional powers is not represented merely by the amount of aid provided but by its nature.

The new South-South cooperation privileges the role of private actors and agreements that involve market-oriented conditions, mixing aid, and trade (Bund & Makocki, 2016). The African Development Bank (2010) issued a report deconstructing the Chinese role as a donor and partner for the continent,

highlighting how it developed its own definition of assistance, independently from those agreed in the OECD and used by the DAC. The study found that Chinese aid and development finance deviated from the OECD standards and norms, especially regarding transparency, the concessions of export credit, and the sustainability of sovereign debt. Beijing usually grants loans with extremely low interests that back broader strategic objectives, these are usually operated by China Exim Bank in a mixture of profit calculations, diplomacy, and development goals. In addition, Beijing uses these diplomatic concessional lines of credit to support national export.

Fig. 3.9) Estimated global development co-operation flows, 2013-18
(net disbursements, current prices, USD billion)

	2013	2014	2015	2016	2017	2018	2018 (% of total)
<i>ODA from current 29 DAC member countries</i>	151.8	151.1	143.1	157.6	161.4	164.8	84.8%
<i>ODA from 20 reporting countries beyond the DAC</i>	16.8	25.2	12.5	17.2	18.6	22.2	11.4%
<i>Estimated development co-operation flows from ten non-reporting countries beyond the DAC</i>	6.8	5.6	5.2	6.5	8.8	7.2	3.7%
Subtotal flows from non-DAC providers	23.2	30.7	17.7	23.7	27.5	29.5	15.2%
<i>Estimated global total</i>	157.9	181.9	160.8	181.2	188.2	194.3	100%

Source: Compiled by the author-OECD

Most importantly the country jeopardizes the Western paradigm itself of cooperation, as its development finance and cooperation policy are difficult to assess for scholars and experts. China relies on private actors, credit lines, loans, trade deals, and FDI interchangeably, giving rise to a complex and multifaceted development strategy. Its nature and effectiveness are still under discussion, but not part of this dissertation. Indeed, the focus is to understand the impact of this alternative use of financial instruments over the EU cooperation agenda.

Traditional development finance institutions, and the European Union itself, built a new approach to development and cooperation, promoting the use of blending financial instruments. This can be considered as the response to the emergent donors that provide cheap and extremely flexible (or non-conditional) financing (Küblböck & Grohs, 2019). The link between emerging donors, notably China, and the increasing interest in blended finance is recognized also by the Commission (2015) stating that “several factors have contributed to the emergence of blending, among them changes related to the providers of development finance”. Blended finance is not a new instrument per se but gained momentum recently. The OECD describes it as “the strategic use of development finance for the mobilisation of additional finance towards sustainable development in developing countries” (“Blended Finance - OECD”, 2020). Küblböck and Grohs (2019) analyze the trends of blending finance, pointing out that the years characterized by the renewed interest in Africa, namely 2007-08, marked also the years of increasing interest for blending instruments and that roughly 42 % of blended finance transactions target Sub-Saharan Africa. The EU played a central role in the promotion of these blending instruments. Since the introduction of the Multiannual Financial Framework (MFF) 2007-2013, blended finance became a central idea in the conduct of EU external cooperation. The “Agenda for Change” (European Commission, 2011) explicitly mentions it as an important innovation in the cooperation field. The Guidelines for Blending provided by the Commission in 2015 stated objectives and strategies of blending, in the form of combining non-grant resources, ODAs, commercial institutions, and investments. In 2012, the Commission launched the EU Platform for Blending in External Cooperation, along with the creation of the Africa Investment Platform (AIP). In 2017, the Commission launched the European External Investment Plan, labeled by Federica Mogherini (former High Representative) as a “new chapter” that brings “(the EU) development policy to the next level” (Mogherini & Mimica, 2016). The EIP combines blending instruments for the African continent and the EU Neighborhood, with a new mechanism to access credit and financial support for actors beyond the EIB, both European and non-European development finance institutions, and private actors from MS or partner states. Finally, in 2018 the Commission pushed forward in the process of harmonization and modernization of financial instruments of the Union by proposing the incorporation of the EDF into the EU budget and the creation of one all-encompassing instrument of cooperation (Neighborhood, Development and International Cooperation Instrument, NDICI). The *budgetization* of the EDF has been a source of friction between the European Parliament and Council for a long time. Member states have often confirmed their decision

to avoid it, like it happened in 1988, 1992, 2005 and 2013. However, the MFF 2007-2013 has set 2021 as the deadline for its inclusion (European Parliament, 2014). Indeed, the MFF proposal 2021-2027, still under negotiation, envisages the incorporation of the EDF in the official EU budget ("Legislative train schedule | European Parliament", 2020).

The Union started a process to boost the coherence of its development policy and modernizing its financial instruments for cooperation under the pressure of emerging powers, in particular China. The promotion of blended finance can be read as an attempt to catch with the Chinese new approach to development, the Union adapted to the pressure and became the forefront actor in the promotion of an alternative and modern paradigm of development finance, while upholding and legitimizing the traditional standards.

3.5 The challenge of soft-power pragmatism

- *The normative identity of the European Union in the international stage is under pressure because of the appealing Chinese pragmatism, only the European Parliament is vocal about this identity threat.*

As anticipated, the Union opted for a defensive engagement when pressured by the Chinese competition, it responded by pursuing pragmatic cooperation and modernization of the development policy instruments. Manners (2002) describes the Union as a Civilian power, with three key features:

- The centrality of economic power to achieve geopolitical goals
- The primacy of diplomatic cooperation to solve international problems
- The willingness to use legally binding supranational institutions to achieve international progress

How the European Union dealt with the increasing pressure responds perfectly to the description of its civilian power. However, the situation is more complex when dealing with the distinguishing traits of the EU and Chinese actorhood, as they appear like irreconcilable stances in the international stage. All the actors involved in this analysis are undergoing a process to build their positions as global actors, and they appear mutually dependent in this identity-formation/consolidation stage. In its external relations, the Union identified as a different form of power, positive and civilian in nature. The narrative of the EU

as a normative actor pervaded its actorness, especially after the explicit formalization from Maastricht on (Smith, 2012). Diez (2004) explores how the process of identity formation for Europe has been different with respect to nation-state actors. Since the modern state is based on a territorial entity, the most common processes of othering are geographic in nature. They establish an inside and an outside, represent the outside as a danger to the presupposed identity of the inside, and thereby construct and reproduce that very identity. The dominant logic of the othering in the process of European integration, however, has not been primarily geographic but temporal. Europe's other is Europe's own past which should not be allowed to become its future. The force of this argument that the EU representatives often strongly identify with the notion of being a force for peace and human rights – the notion of a 'normative power'. Most commenters noted how the external relations of the Union are rarely purely political or purely economic, but generally involve the promotion of liberal democracy and free trade. Its international position is of strenuous support for transparency and good governance, economic efficacy and viable markets, human rights, and socio-economic development. These elements characterized the EU in contrast to the US actorness, more dedicated to security and hard politics. Henceforth, the Brussels' foreign policy is generally referred to as normative. The existence itself of an actor as the European Union is a source of power, as the EU is undoubtedly unique, and its existence challenged the Westphalian understanding of the world. Moreover, the European bloc claims that its legitimacy in the international society is universal in nature since it roots its guiding principles of foreign policy from the UN Charter and the Declarations and Conventions on Human Rights (Manners, 2009). The historical experience of the EU enlargement following the end of the Cold War and the peaceful transition of former soviet countries proved the world that the EU had this kind of power. However, when dealing with the Sub-Saharan countries, the Union lacks the constraining mechanisms that could use to concede membership and its ideas seem not as powerful outside Europe (Kavalski, 2013). Smith (2009) argued that 'the strengths that give the EU a major role in the European order do not export easily; they are less immediately appropriate to a fluid and often chaotic world'. The debated effectiveness of the European conditionality and its past compromises with dictators cast a shadow on the solidity of its normative power. Indeed, the EU came to compromise with several dictators in the region, as Kigame in Rwanda or Biya in Cameroon. As Dimier and Gliottone (2020) highlight, the Commission has been caught in a dilemma when dealing with Africa. To preserve its legitimacy when meeting with African leaders, the Commission had to negotiate even when it meant to purposely ignore some violations of human rights,

but to maintain its legitimacy in the domestic public opinion in Europe it was expected to fulfil its normative premises. However, beyond this debate, it is generally agreed that normativity is a central element of the European rhetoric in international affairs.

The renewed material actorness of China in global politics had to be supported by the reframing of its identity, as its international status and economic paradigm evolved significantly. Africa served this purpose, too. The renewed diplomatic relations and economic ties with Sub-Saharan Africa represented the first step for China to rebuild its international reputation. China adopted an introspective approach by internalizing the Confucius concept of ‘harmony with difference (he er butong)’, aiming at building a consensual hegemony (Zhao, 2006). The soft power of pragmatism defines its current international engagement, sharply contrasting with the European stance. Indeed, China considers foreign policy as an extension of its domestic priorities and is guided by the principle of non-interference in internal politics. It is a transformative identity, capable of adapting to dialogue with different actors and changing power equilibria. Different from China dynamism, the EU is undergoing an identity crisis both domestically and internationally. The EU is caught in a paradox: it is a “rising power in a declining continent”, revealing the controversies of its actorness (Wang, 2012).

The value-based identity of the Union is reflected in its cooperation paradigm, especially regarding Sub-Saharan Africa. In the Cotonou Agreement, the Union emphasized the fundamental elements of development cooperation and introduced a sanctioning mechanism. Later, the Joint Africa- EU strategy highlighted the primary role of good governance and human rights for the economic and political dialogue between the regions. Similarly, the European Consensus on Development insists on the common values at the basis of the Union's external relations. In accordance with the core identity of the Union, economic conditionality to ensure compliance with such values is an important tool for the EU. Henceforth, the EU development policy is intrinsically linked to a policy of conditionality characterized by a significant normative dimension. In addition to the differences in economic instruments and strategic interests described above, the Union and China adopt diametrically opposite approaches to the domestic affairs of recipients: China supports the principle of non-interference and deliberately decoupled economic instruments and political considerations (except for the One-China policy), while the EU cooperation policy revolves around the dependency of aid delivery to legal and social reforms. The

Chinese foreign policy has a long tradition of non-interference, as its five pillars were described back in 1963 by the (then) Chinese Prime Minister Zhou En Lai:

1. China supports Arab and African countries in their fight against colonialism of any form
2. China supports peace, neutrality, non-alignment of Arab and African countries
3. China supports Arab and African countries willingness to achieve unity with no interference
4. China supports Arab and African countries' efforts to settle peacefully controversies
5. China supports the total respect of African and Arab countries, and oppose any form of intrusion and interference

These pillars can be found also in the modern Chinese approach to development. Jin (2010) underlines as the “no conditions attached” principle needs to be addressed properly: concessional aids imply a form of conditionality. It is a different kind of conditionality if compared to the EU, as it revolves mainly around the economic mechanisms for implementation and procurement shares for Chinese MNCs. It is a form of economic conditionality that does not mean to intrude on the domestic affairs of the contractor, to sign a mutual economic investment between equal partners (Jin, 2010). China represents a pragmatic alternative to the normative EU. This does not only weaken the position of the EU when negotiating with African countries, as they no longer rely only on it for financial flows, but threatens the upholding of the environmental and social standards, fundamental elements of development according to the Union.

Historically, the construction of the EU normative power in international politics was operated through the dismantling of other actors' legitimacy, disempowering them rhetorically (Scheipers and Sicurelli, 2008). In this case, the European Parliament responded vigorously to the Chinese non-interference model of cooperation. In the “Resolution on China's policy and its effects on Africa” (European Parliament, 2018), the EP defended the EU normative approach and harshly criticized the Chinese engagement. On one hand, the Commission was starting the trilateral dialogue with China and Africa. On the other, the European Parliament became the normative voice of the Union and denounced the lack of regard for the fundamental values of Beijing.

In the resolution the EP denounced:

- The loss of manufacturing capacity in the local economic landscape.
- The low salaries and terrible working conditions due to the lack of safety standards in the Chinese companies
- The debilitating effect of Chinese assertiveness on African industries that led to the bankruptcy of local factories and worsened unemployment, especially in the textile sector, through the unfair competition triggered by environmental and social dumping
- The negative impact on the effort made by the IFIs and the Union to link aid to human rights, democracy, and good governance. As the access to IFIs credit line are subject to conditionality, the Chinese strategy might jeopardize the possibility of African governments to be eligible IFI financing in the long term
- The illicit practices in the field of resource exploitation, and the lack of transparency and accountability
- The illegal imports of timber and ivory with detrimental consequences on the environment, along with the environmental damage caused by the Chinese projects, like the Merowe dam in Sudan

As mentioned in section 3.3, the intervention of the European Parliament had severe consequences on the effort of the Commission to transform the image of China. This episode is extremely important in highlighting the irreconcilability of the Commission's pragmatism and the identity of the EU foreign policy: to cooperate with an actor that openly disregards the protection of human rights, environmental standards, and principles of good governance is contrary to the identity of the Union.

4. THE CASE OF ETHIOPIA

Examining the evidences of the European defensive engagement by analyzing the cooperation policy of the Union in Ethiopia.

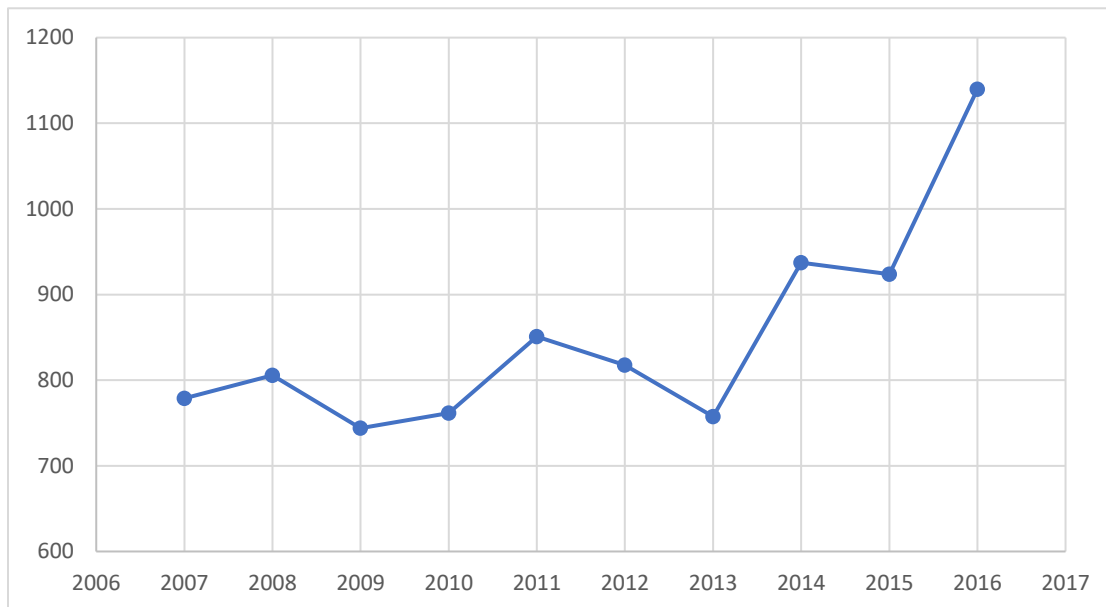
As analyzed in the previous chapters, the rapid emergence of China as a new and powerful actor transformed the landscape in which the European Union engages with third countries. Beyond the general pressure described in Chapter 3, the rising competition in the field of development can also be assessed at the micro-level by observing its impact on a single nation. The case of Ethiopia suits particularly well this necessity, as here both the European Union and China represent equally important partners (Hackenesch, 2013). Indeed, the country is extremely reliant on the European aid flows, but it also identified China as a key strategic partner since 2002. Indeed, it is one of the few cases (the other one is Angola) where China can be considered on par with the EU. The chapter is dedicated to testing the theoretical findings highlighted so far, for this reason, it is organized following the structure of the previous one. Each section examines empirical evidence to be found in Ethiopia, following the results of the macro-analysis. On the overall, it was possible to find evidence of the defensive engagement of the EU in all the aspects investigated in this research. However, the effectiveness of the policies and stances adopted by the Union is not uniform. Despite the aim of the research is not to assess the effectiveness of the EU cooperation policy, it emerged that the Union is often incapable of operationalizing its political decisions. In conclusion, the Chinese pressure in Ethiopia had an impact on the EU policy towards the country: the EU aid flows to the country increased, high-level meetings were organized, it pushed to a reorientation of ODAs, and it boosted the efforts to create instruments for blended finance. However, the triangular cooperation among blocs as imagined by the Union never concretized, the efforts for coordination among MS were unsuccessful and its normative power proved resilient but had to become more flexible.

4.1 Coordination efforts of a fragmented actor

- *The rise of China as a geopolitical actor in Sub-Saharan Africa reinvigorated and compacted the European interest in the region while fueling the strategic relevance of Africa*

For her first official visit outside of the EU borders, the President of the Commission Ursula von der Leyen chose Addis Ababa as destination, to meet with Abiy Ahmed Ali, Nobel laureate Prime Minister of Ethiopia, and the African Union officials. Before her departure, she stated “my visit is a political statement”, proving again the utmost strategic relevance of the EU-Africa relations for the Commission (“President von der Leyen in Addis Ababa for her first trip as President outside the EU - Luxembourg - European Commission”, 2019).

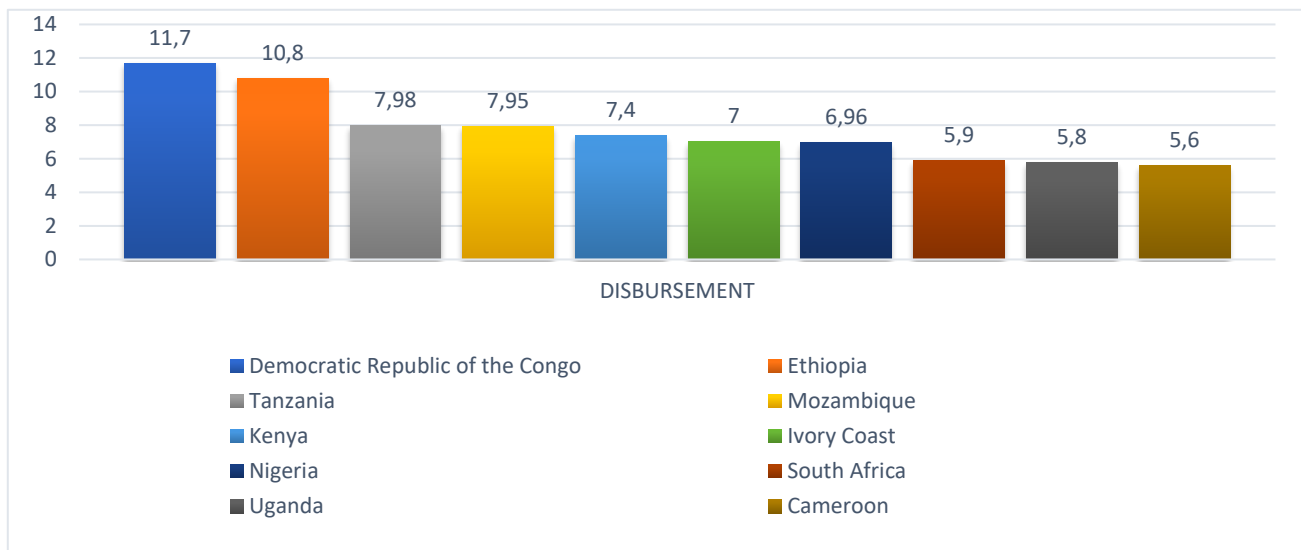
Fig. 4.1) EU aid to Ethiopia (in € Millions)



Source: Compiled by the author, EU Aid Explorer

Indeed, the renewed interest of Europe for Africa involved most of the continents’ countries, including Ethiopia. From 2007 to 2016, it can be observed an increase of 46% of the bilateral aid between EU and MS with Ethiopia (Fig. 4.1). Moreover, between 2007 and 2020 Ethiopia has been the second-largest recipient in Sub-Saharan Africa (Fig. 4.2).

Fig. 4.2) Top recipients of EU aid in Sub-Saharan Africa between 2007-2020 (in € billions)



Source: Compiled by the author, EU Aid Explorer

During her official visit to Ethiopia, Ursula von der Leyen announced the European intention to boost its cooperation with the Eastern African country. The European Commission President said, “I am here today to show the European Union's full commitment to supporting Ethiopia and its people on their future path.” The Commissioner for International Partnerships, Jutta Urpilainen, had a meeting with Abiy Ahmed Ali to discuss a €170 million package, aimed at supporting the undertaking of economic reforms and the improvement of the country’s infrastructures, support the health care system and create a business favorable environment. The Commission aims to boost Ethiopian competitiveness in the region, favoring trade, and increase transparency and accountability of the regulatory framework, attracting investments and creating jobs. The renewed interest in Ethiopia is concretizing day by day more, but National Indicative Programme for Ethiopia 2014 to 2020 signed in 2014 reveals that von der Leyen’s policy towards the country is rooted in the years of the European adaptation to the rise of China.

In accordance with the discussion in section 3.1, the European Union focused on efforts to improve the coherent management of the aid funds also in Ethiopia (Carlsson et al 2009). The Commission and the member states have increased their engagement in multi-donor programs, but empirical evidence shows that the development policy in Ethiopia remains fragmented. The Commission channels its funds mainly through assistance and joint implementation structures while member states, as Italy or France, prefer to

articulate their development policy through projects. Several policy initiatives were undertaken for the purpose of coherence: the European Consensus (2005), Division of Labour (2007), the Operational Framework on Aid Effectiveness (2011), and the renewed Joint Programming (2017).

In 2006, a flourishing year for the process of transformation of the European development policy, the EU proposed a Plan of Action for the Paris Declaration based on three key elements (Schulz, 2007):

1. A comprehensive revision of the Member states' aid flows to identify sectors overcrowded or deficient, to boost coverage and effectiveness
2. The creation of the Joint Programming Framework of European donors
3. The creation of mechanisms to promote complementarity of aid policies

In 2007, the Commission and major European donors agreed to form a coordinated strategy to promote the MDGs as a common European objective through the Division of Labour. Ethiopia was selected as a forerunner for the implementation of the Code of Conduct on Division of Labour. However, the Evaluation of the Commission of the European Union's co-operation with Ethiopia (2012) was critical on the results of the Division of Labour in the country. Indeed, it is reported that it had a limited impact and its implementation proved slower than expected. Member states were keen to cooperate in the mapping phase, but they did not adapt consequently their bilateral strategies. The first Joint Programming activities in Ethiopia started in 2013, as 15 MS and development partners (Norway and Switzerland) drafted an EU+ Joint Cooperation strategy to outline shared priorities and a country-level assessment. Despite the agreement on the existence of common goals, the guidelines for the implementation of the Joint Programming remained very general, allowing member states to retain control and to accommodate the EU objectives according to their own interests. Indeed, the Ethiopian JSC represented only a departure point through the outline of a programming roadmap, listing the activities to be implemented to harmonize the policies of European donors. The concrete division of labor among donors was not included in the document, revealing the EU difficulties to operationalize their narrative (Galeazzi & all, 2013). Christine Hackenesch (2011) suggests that the states have been reluctant to implement the EU-led efforts for coordination, as bureaucratic diverging interests and different structures hampered the outcome of the Division of Labor. Indeed, despite the EU significant share of aid and its efforts, it is still far from acting as a coherent actor in Ethiopia. Hackenesch (2011) further highlights how the

development policy towards Ethiopia is still fragmented explaining how it involves many actors with different intensity and interest.

- It can be concluded that China’s presence had a catalyzing effect on the European Union’s efforts of coordination and renewed its interest in the country. Indeed, the aggregate level of aid flows increased, and high-profile meetings were organized, revealing the strategic relevance of the country. Despite the external input for coordination among member states aid policies and the EU efforts to boost effectiveness, the EU remains a fragmented actor under reform.

4.2 A new donor-recipient relation under construction

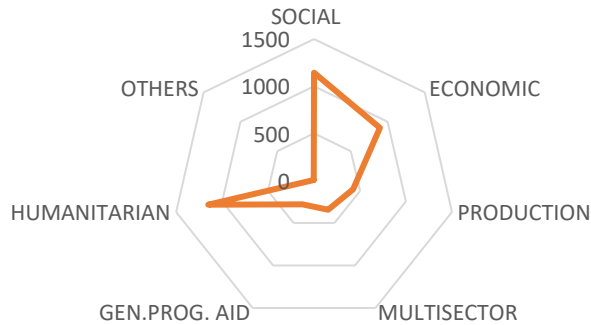
Coherently with what is outlined for the region in section 3.2, Ethiopia is a central recipient country of the international flows of aid. Indeed, it was the first country for ODA net disbursement in the region (fig. 4.3) with \$ 4 074 million in 2016. The flow of DAC contributions to the country has followed the positive trend of Sub-Saharan Africa, witnessing a progressive increase over the years (fig. 4.5), and it was mainly destined to the social, humanitarian, and economic fields (fig 4.4).

Fig. 4.3) Top 10 ODA receipts by recipient in Sub-Saharan Africa
(USD million, net disbursements in 2016)

1. Ethiopia	4 074
2. Nigeria	2 501
3. Tanzania	2 318
4. Kenya	2 189
5. Egypt	2 130
6. Democratic Republic of the Congo	2 107
7. Morocco	1 992
8. Uganda	1 757
9. South Sudan	1 590
10. Mozambique	1 531
Other recipients	27 764
Total	49 954

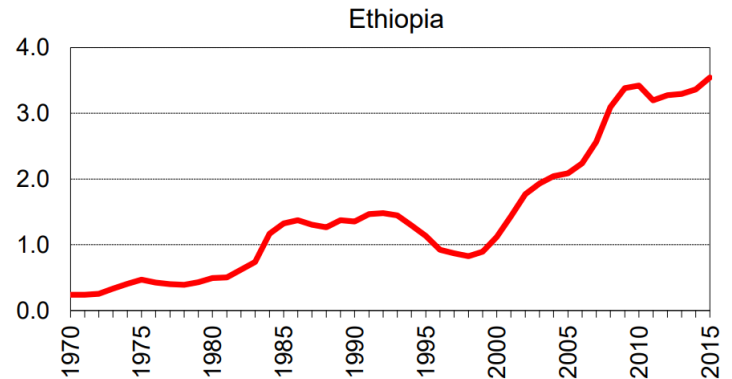
Source: Compiled by the author, OECD

Fig. 4.4) ODA to Africa by sector and recipient in 2016- Ethiopia



Source: Compiled by the author, OECD

Fig. 4.5) Trends in aid to largest African recipients since 1970- Ethiopia (USD billion, 2015)



Source: OECD

Note Fig. 4.5): 2015 prices and exchange rates, 3-year average net ODA receipts

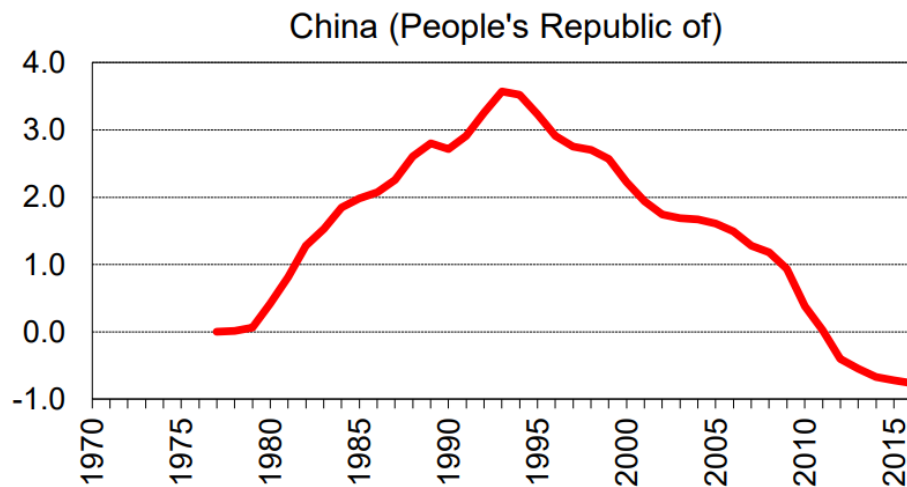
Development assistance is central in the European cooperation with Ethiopia, both in multilateral and bilateral forms. However, the country was not immune to the changes in the field of aid. On the contrary, Ethiopia has a long history of South-South cooperation (Cheru, 2016).

After the demise of the military regime in 1991, the liberation front (EPRDF) took control of the country and engaged in a strategy to transform the Ethiopian society and to enhance economic development. The government had Marxist ideological roots and was determined to reject the imposition of the neoliberal paradigm of the Washington Consensus. Meles Zenawi, the then President of Ethiopia, emphasized the importance for the country to seek alternative development strategies. In 2002, the government advanced the Foreign Affairs and National Security Strategy, where the government advocated for constructive engagement with Western donors but also the creation of development partnerships with emerging countries. The Growth and Transformative Plan (GTP) was enhanced in the following years, with the intention of transforming Ethiopia into a middle-income country by 2025. Prime Minister Meles and the Chinese President Jiang Zemin had reciprocal official visits in the late 90s, and during his visit, Meles encouraged investments in Ethiopia ensuring that the government would have done its best to create a favorable business climate. In 1998, the Ethiopian-China Commission was established as a platform for policy, economic and technological coordination. Prime Minister Meles visited again Beijing in 2004

and signed other cooperation agreements. In 2006, he co-chaired the Forum on China-Africa Cooperation, which marked the official entry of China as an actor in the region.

Hence, the country was not only impacted by the transformation in the donors' landscape described in the previous chapter, but it had an active role in it. Indeed, as mentioned in section 3.2 the emergence of new donors was facilitated by the general feeling of dissatisfaction regarding the failure of the Washington consensus, and the case of Ethiopia is illustrative.

Fig. 4.6) Trends in aid to largest Asian recipients since 1970- China
(USD billion, 2016 prices and exchange rates, 3-year average net ODA receipts)



Source: OECD

In addition, China became a major actor in Ethiopia before the EU reviewed its access criteria to the Development Cooperation instrument in 2011 and its entry into force in 2014. Cheru (2016) collected data from the Ethiopian Investment Agency and outlined the general trend in the Sino-Ethiopian economic relation. From 1998 to 2014, the Ethiopian Investment Agency registered 1094 Chinese projects. In 2010, a \$67 million contract was signed by The China Road and Bridge Corporation with the objective to expand the Addis Ababa airport. In the same year, the two partner countries announced the concession of a loan for the construction of rail infrastructure, the procurement of nine vessels produced in Ethiopia, and the realization of 200 bridges. EXIM Bank's lending to Ethiopia was around \$1.8 billion by the end of 2011 and Ethiopia had become the largest recipient in the region for credit lines. These

flows are not traditional ODA but resemble it, as they are a tool of development finance. The paradox for the EU consisted in the ambivalent nature of China in those years as donor and recipient. In 2010 China was among the top eight recipients of aid-for-trade flows, receiving the 6% of the worldwide aid trade destined to MIC (which represents the 91% of the total aid-for-trade) (OECD, 2011). In 2011, commitment to China declined, but it still received \$5.8 billion and the DAC group started to estimate the amount of ODA like flows disbursed by China (OECD, 2013). Indeed, between 2010 and 2017 the flow of ODA to the PRC declined significantly, as the DAC group realized that China was now a competitor (OECD, 2019).

- The conditions described in section 3.2 as the causes of the EU change of access criteria in 2011 can be observed also in the analysis of the case study, as China emerged as a major donor in Ethiopia while being still a recipient of ODA flows.

4.3 The failure of trilateral cooperation

As anticipated, Sub-Saharan Africa is the primary theater for the new international status of China. Beijing is driven mostly by economic factors, due to the need to cope with the new needs of its evolving economy. Indeed, as China climbs the supply chain shifting towards the high-tech industry and investing in capital intensive sectors, it is in search of natural resources to meet the increasing domestic demand and the possibility to out-locate some labor-intensive industries. That is why African countries are so important in the Chinese agenda, they are both rich in natural resources and cheap labor. Ethiopia can offer both, plus free access to the US/EU market under the EBA and GSP (Brautigam, 2011). As it was discussed in previous chapters, evaluating the overall volume of the Chinese economic engagement with the region is challenging, as the PRC is not as transparent as Western countries with development data and it uses aid, investments, and commercial contracts interchangeably (Sun, 2014). Ethiopia is among the top recipient in Africa of Chinese investments, especially in manufacturing, and Addis Ababa is undertaking a process of industrialization resembling the one that led to the Chinese economic boom (Dollar, 2016). Ethiopia has its own SEZs, industrial areas where the government incentivizes the installation of firms through a different tax regime and a more flexible regulatory framework. Ethiopia is an attractive destination for Chinese investment flows as local salaries are significantly lower than

Chinese ones (a quarter) and the electricity is extremely cheap, allowing Chinese private firms to further cut the costs of production even if compared to China. Moreover, Ethiopia has a duty-free regime of export with both the US and the EU under the Generalized Scheme of Preferences (Davidson & Wiliam, 2017). The most prominent SEZ is the Hawassa Industrial Park, built by the China Civil engineering Construction Corporation in 2016 that hosts several companies. In 2017, plans for the construction of the other five SEZs started ("Chinese firms constructing 5 industrial zones in Ethiopia - Xinhua | English.news.cn", 2017). China invested also in the infrastructure field (section. 4.4) to improve the trade efficiency of a landlocked country as Ethiopia. The success of Chinese engagement with Ethiopia is not purely due to economic reason, the ideological and political elements of the new cooperation were important factors. The Chinese model is particularly appealing for strong parties leading countries and interested in maintaining the dominant position without intrusions, as the EPRDF in Ethiopia. As Ursu and van den Berg (2018) analyze, China and the EU have economic incentives for triangular cooperation with Ethiopia: the shared interest in making the country prosperous and stable, open the Ethiopian market to international business and reduce poverty. Indeed, European firms (for example H&M) benefit from the facilities and infrastructures built by China, too. The EU and the PRC have complementary economic interests in the region. Indeed, the European Investment Bank followed the Chinese example. In 2016, it launched the plan for another industrial zone in Ethiopia supported with a \$500 million plan to create the infrastructures and create 100.000 jobs. However, there is one significant difference with the Chinese investment: 30% of created jobs were destined exclusively to refugees. The conditionality is related to the European security interests in the region relative to the flows of refugees towards Europe. As the EIB President Hoyer said, "We know that Ethiopia is for many a stopping point before making the dangerous onward journey to final destinations in Europe. Initiatives and projects like this provide people with a choice to stay closer to home and an opportunity for economic growth as well" (European Investment Bank, 2016). Hence, the conditions for triangular cooperation exist in Ethiopia.

Some projects have been carried out and China cooperated with traditional donors in the country, demonstrating that Beijing did not reject altogether the existing institutional framework but tried to fit in. Indeed, since 2014 China undertook a process of reform of its development policy and a more active engagement with other donors. The second national White Paper on Foreign Aid included, for the first time, a positive reference to triangular projects (Zhang, 2014). Beijing called for further integration in

the cooperation efforts in the form of triangular cooperation in its Position Paper on the Implementation of the Agenda for Sustainable Development (Ministry of Foreign Affairs of the People's Republic of China, 2016). The UNDP (2016, pag.6) emphasized that “Trilateral cooperation is thus a way for China to demonstrate its willingness to learn from different approaches to development cooperation and work with others”. For example, China cooperated in Ethiopia with the UK and Italy, two DAC donors, and members (or then a member) of the European Union. The UK and the PRC launched together the Pilot Project on Maternal and Child Health in Ethiopia, with the objective to share best practices, provide service and improve the quality of life of the targeted rural areas. It is a project meant to boost technical cooperation among the UK, China, and Ethiopia while supporting the country in its capacity building. The National Health and Family Planning Commission (NHFPC) and Global Health Institute of the Fudan University worked together, and China contributed by sending specialized medical staff. The Gilgel Gibe III Hydro Station is another example of trilateral cooperation. However, this is a colossal project with respect to the first. The Ethiopian Electric Power Corporation, the Dongfang Electric Corporation, and Salini Impregilo worked together for the construction of the energetic plant, that entered in operation in 2016. In 2018 a MoU was signed between Rome and Beijing and in March 2019 the first China-Italy Forum took place in Rome. These two cases of cooperation in Ethiopia revealed that the EU was effective in its narrative supporting trilateral cooperation pushing MS to cooperate with China, but it failed in operationalizing a macro-level form of cooperation as there are no projects involving the EU as a bloc. The concept of triangular cooperation formulated by the Commission has so far not materialized, and the EU failed to prove its institutional effectiveness. The institutional gap was filled by China, framing its trilateral cooperation with European and African countries rather than involving regional or sub-regional organizations (Bertucci & Locatelli, 2020).

- Material incentives to economic triangular cooperation exist in Ethiopia, and examples of trilateral projects can be found.- However, the macro-coordination policy pursued by the European Union has not yet operationalized and China continues to pursue its nation-oriented approach, despite signs of willingness to engage in multilateralism.

4.4 Results of the Blended Finance

- *The EU investigated new economic instruments for cooperation to keep up with China, promoting blended finance to engage private actors*

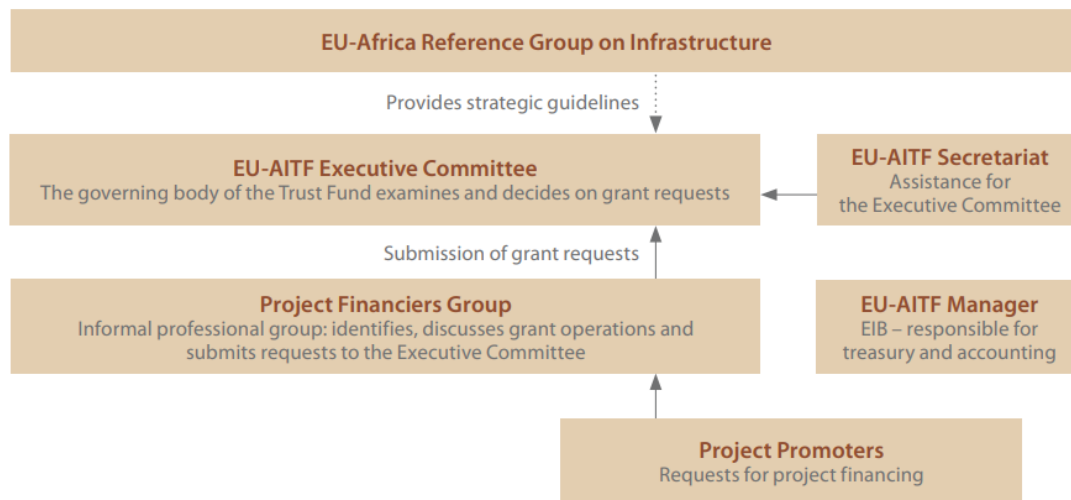
China was at the forefront of two important infrastructural projects in Ethiopia: the first modern railway in Sub-Saharan Africa and a transport connection from Addis Ababa to Djibouti, opening a way to the sea for the landlocked country. The project was financed by China and built by a Chinese Company, using Chinese materials and implying the use of trams produced in China, in the perfect orchestration between central government and companies typical of the Chinese development paradigm (Zoltán & Vörös, 2018). Indeed, the business-like approach to development cooperation of China (described in previous chapters) involved Ethiopia, too. Beijing started being an active player in 2002 with projects in the field of energy and telecommunication. In 2006-2007 the Sino-Ethiopian economic relations became tighter as China invested in the Millennium Project to contribute to the digitalization of the country, under an export seller's credit arrangement (Foster & all, 2008). The European Union followed in the research of alternative means in the field of development (section 3.4).

In 2007, the European Union and several member states funded the EU-Africa Infrastructure Trust Fund, a system of blended finance to coordinate EU-nation funds with private actors. The fund offers two channels for credit: the Regional Envelope, € 482 million, and the Sustainable Energy for All, € 330 million. The former promotes cross-border or national projects in the field of regional infrastructures, energy, transport, water, and ICT. The latter supports energetic activities that comply with the SE4ALL objectives, namely, to boost energy efficiency, increase the share of renewable energetic sources and broaden access to modern energy services (European Union Africa Infrastructure Trust Fund, 2015). The guidelines for the financing of projects provide a mechanism for the interaction of all the different actors (fig.), to ensure a mechanism of coordination.

In 2007, the Ethiopia-Kenya Interconnector project received approval, and a Memorandum of Understanding was signed (European Union Africa Infrastructure Trust Fund, 2007). The grant agreed consisted of €0.55 million for the assessment of feasibility. As the rationale behind blending finance is to make more valuable certain cooperation projects that would have received less attention otherwise, the Fund stated that “additional grant from the ITF will be considered, most likely for an interest rate

subsidy, or the coverage of political risk” (European Union Africa Infrastructure Trust Fund, 2007). In 2009, the project Gibe III Hydropower Plant, based in Ethiopia, was approved. The project consists of the construction of a hydropower plant, a dam, and the acquisition of the necessary hydromechanical equipment.

Fig.4.7) The Trust Fund’s governance



Source: EU-Africa Infrastructure Trust Fund Annual Report, 2015

The expected surplus of energy is meant to be exported to Djibouti, Sudan, and Kenya. The grant is used to ensure feasibility before joint investments, as to lower the entry cost of the project and consists of technical assessment support (European Union Africa Infrastructure Trust Fund, 2009). In 2010, the Fund launched a project for the construction of four geothermal power plants in Tendaho, in Ethiopia. It is the *Geothermal Risk Mitigation Facility for Eastern Africa*: a regional project based in Ethiopia, a direct grant meant to support the cost of preliminary studies and exploration with the objective to create a snowball effect in attracting private actors in the region for developing geothermal energy (European Union Africa Infrastructure Trust Fund, 2010). The geothermal potential of Ethiopia received further attention and credit from the Fund in 2014, as the Fund advanced the project of *Support for geothermal development in Tendaho* in the form of €4.5 million for technical assistance and €3 million as an

investment grant. When the project has faced unexpected impediments, the EU-AITF launched a financial instrument in 2017 of €8 million to face the derived costs. As highlighted in the 2017 Report, the additional grant is meant to de-risk the exploration phase and help the advancement of the project. In general, the EU-AITF carried out 123 grant operations financing 86 infrastructure projects with €763 million, showing a positive trend in the net disbursement over the years (fig. 4.9).

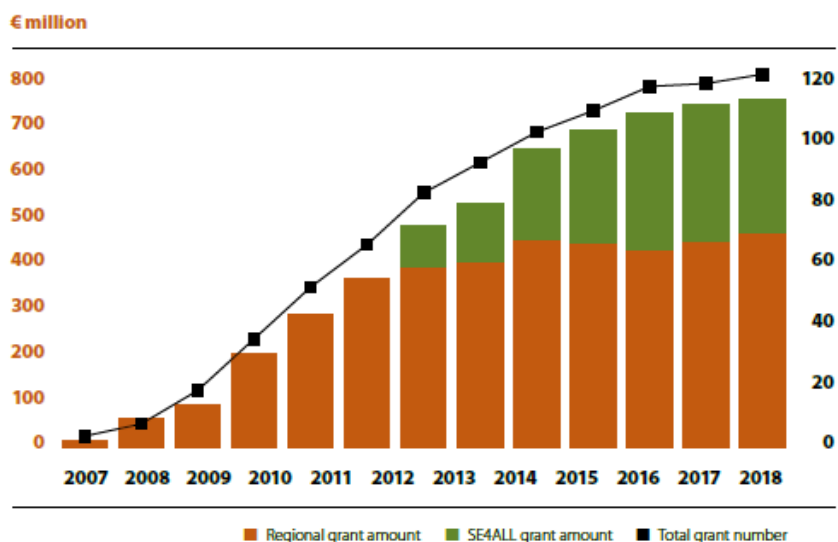
Fig. 4.8) Grant operations of the EU-Africa Infrastructure Trust Fund in Ethiopia from 2007-2017

Grant Operation	Sector	Type	Lead Financier	Grant Amount	Approval Date
Ethiopia-Kenya Interconnector	Energy	TA	KfW	550 000	10/07/07
ESIA for the Gibe III Hydropower Plant	Energy	TA	EIB	1 300 000	14/12/09
Geothermal Risk Mitigation Facility	Energy	DG	KfW	30 000 000	09/11/10
Support for Geothermal Development in Tendaho	Energy	IG	AFD	3 000 000	28/03/2014
Support for Geothermal Development in Tendaho	Energy	TA	AFD	4 500 000	28/03/2014
Convertible grant for the Support of Geothermal Development in Tendaho	Energy	FI	AFD	8 000 000	16/03/2017

Source: Compiled by the author, European Union Africa Infrastructure Trust Fund Reports from 2007-2017

Note: TA= Technical Assistance, DG= Direct Grant, IG= Investment Grant, FI= Financial Instrument, KfW= Kreditanstalt für Wiederaufbau, AFD= Agence Française de Développement, EIB= European Investment Bank

Fig. 4.9) Cumulative Net Approvals 2007-2019



Source: European Union Africa Infrastructure Trust Fund 2019

- The analysis of the blended finance programs in Ethiopia seems to generally confirm what has been highlighted in section 3.4. The Union focused on infrastructure projects and increased the use of blended finance to promote the role of the private sector as a response to the Chinese rise.

4.5 Resilience of the normative power

The 2005 election crisis represented a watershed event in the relations with the EU and coincided with the years of China's rise in the continent. On the 15th of May 2005, the leadership of the ruling party (Ethiopian People's Revolutionary Democratic Front) was challenged by the results of the election. The initial results have shown a positive trend for opposition parties. The Election Commission, the state body in charge of supervising the elections, decided to postpone the announcement of the results by one month. At the same time, Prime Minister Meles Zenawi's party proclaimed itself as the winner, while the only television and radio in the country, controlled by the Ministry of Information, stopped broadcasting the opposition statements. Demonstrations and turmoil spread in the streets: from June to November 2005, 200 people died in the riots and 20,000–30,000 opposition members or voters were incarcerated (Tronvoll & Aalen, 2009).

The EU was surprised by the escalation, as Ethiopia was generally perceived as a cooperating recipient. To respond to the crisis, it adopted a cooperative-conflictive approach: it tried to mediate (Abbink 2006), while also putting substantial pressure on the government. As the crisis escalated, it postponed a decision about the emission of a €155 million package of aid for infrastructures and froze a tranche of €95 million in budget support. The pressure exercised by the Union was perceived as a threat to the existence of the regime, and the government proved reluctant to reconcile with oppositions and accommodate the European requests. The then Prime Minister Meles arrived to accuse the EU election observer mission to have encouraged demonstrations and fueled the Ethiopian domestic crisis (Hackenesch, 2018).

The Ethiopian government did not expect donors to cut aids altogether as it had become a major international partner for the European institutions (Furtado and Smith, 2009). Indeed, the EU did not reduce the aid flows but changed the modalities of delivery with stronger monitoring procedures, exercising pressure. A few weeks after the EU froze budget support for Ethiopia, China extended its first loan to the country. The Ethiopian Minister of Finance, Sufyan Ahmad, visited China in January 2006 and agreed with Beijing on an extended loan facility of \$500 million in form of grants, loans with no interests and concessional loans. The volume of the package consisted of the amount of lost funds for Ethiopia if the EU and other DAC donors had not only postponed the delivery of aid but cut it. During the same year, China became Ethiopia's main trade partner and agreed on a framework for investments in infrastructure projects through the China EXIM Bank. Moreover, in 2006, China entered and occupied a dominant position in the Ethiopian telecommunication sector and a delegation of 200 national and regional administrators started a program of training in China (Cabestan, 2012). The EU continued to pursue reconciliation between the fractured political fronts and to stress the fundamental role of governance reforms for the dialogue on cooperation, despite it increased the cost of engagement for Ethiopia in a changed political context.

Hackenesch (2018) describes how the turbulence in the Ethiopia-EU relations coincided with the decisive phase of the Chinese emergence as an economic major actor in the area. Indeed, after the 2005 election crisis, China launched its development paradigm as an alternative to traditional donors, becoming an important partner of Ethiopia and the leading party EPRDF. Between 2005 and 2011, China emerged as an alternative partner for Ethiopia in contrast to the issues linked to the normative nature of the EU

development aid. Given these premises, it would have been legit to expect Ethiopia to turn to the Chinese-pragmatic alternative cooperation partner.

Indeed, from 2006 to 2010 the relations between Ethiopia and the EU were under pressure as the African government tried to reduce its dependence from the EU and to oppose the implementation of conditionality in the bilateral relations. It proved openly hostile to the EU normative “intrusion” in two cases: Ethiopian government was doubtful about inviting the EU observers during the 2010 elections and forbade EU officials to present their report, and in 2009 it promulgated the Proclamation on Charities and Societies, restricting the NGOs possibility to benefit from international funds. However, Ethiopia could not avoid entirely donors’ pressure and partially complied with the requests: it invited and allowed to monitor the 2010 elections, it included some governance-related objectives in its poverty reduction strategy paper and, after negotiations, legally exempted the EU Civil Society Fund from restrictions for access by considering it as a national fund (B & S Europe, European Commission, 2009). Between 2006 and 2010, the normative element of the EU aid became primary but contested in the relations between Ethiopia and Europe. Finally, the normative element of the EU foreign policy survived and proved effective in pressuring the government but had to transform. To avoid deteriorating the relations with the country, Hackenesch (2018) analyzes how the EU adapted its approach after 2010, opting for the promotion of *democratic governance* rather than *a democratic government*. It continued to promote the normative measures attached with economic benefits but shifting away from the cooperative-critical towards a more cooperative strategy, as it became less critical in its public statements. Between 2011 and 2014, the Ethiopian government turned back to a more cooperative stance, too. It increased the space for dialogue and agreed to institutionalize meetings with civil society representatives and the EU (and DAC donors) (DAG, 2012).

- In conclusion, the 2005 crisis in Ethiopia is a perfect case study for the interaction between reluctantly compliant African states, Chinese pragmatic alternative, and the EU normative nature. The crisis increased the cost of engaging with the EU, not only in the short period. However, the EU is not an easily replaceable actor and managed to maintain its normative element but with flexibility. Despite China’s presence allowed to partially relieve Ethiopia from donors’ pressure,

the normative element in the cooperation policy of the Union proved resilient and able to adapt in changing environments.

CONCLUSION

In the era of geoeconomics, the rise of China as a major actor in the field of international cooperation is a threat to the old powers, especially the European Union. In the last years, Beijing advanced its alternative paradigm of cooperation in Sub-Saharan Africa, a traditional sphere of influence of European powers. The EU initially failed to consider the consequences of the Chinese engagement in the region, but it later perceived it as a primary source of concern and competition. It responded to the pressure of Sino-African relations with a strategy of defensive engagement, it adapted to the changing international system to protect its interests but avoiding open confrontation. Throughout the research, it emerges that the rise of China functioned as a catalyzer for the evolution of the EU cooperation policy towards sub-Saharan Africa, despite it still struggles to operationalize its political decisions. However, the EU launched a more ambitious geoeconomic agenda under the international pressure of multipolarity but the new opportunities for actorness also revealed the internal contradictions of its external action. The Union has an enormous geoeconomic potential, especially in the field of cooperation but it failed to explore it properly so far. The changes in the international system have given new impetus to the foreign agenda, especially in the sub/Saharan region, but the results in terms of efficacy in the medium-long term are still difficult to assess. However, the Union proved reactive when challenged in a strategic area. It can be concluded that EU foreign policy is experiencing a profound transformation, as it is pressed to adapt to the rise of new players and unprecedented global power shifts, whit not a clear outcome. In the case analyzed, it responded by opting for a defensive engagement with the objective to englobe competitors and avoid open confrontation.

Further Research

The main finding of the dissertation regards the adoption of defensive engagement by the EU when challenged, as an adaptation strategy. It would be of great value to analyze similar situation to verify whether it is a context-specific result of the Sino-European competition in Africa or a general reaction of the Union when facing competition. Moreover, the questions of legitimacy and effectiveness of certain EU strategies vis-à-vis the Chinese new actorness have been discussed only briefly but would deserve

further investigation, as it is an exceptionally important moment for the EU cooperation paradigm. Similarly, it would be of great interest to explore how the increasing competition in Africa is impacting the Sino-European relations, as now they are both competitor and partners in international politics.

Executive summary

1. The age of geoeconomics

Cooperation partner, economic competitor, and systemic rival: this is how the EU describes China (European Commission and HR/VP, 2019). This complex and fluid definition of another country, which does not fit in the traditional dichotomy of ally/enemy, is the result of an evolving and unstable international system. Despite the temporary unipolarity of the United States, contemporary power politics is characterized by a rising multipolarity and economic interdependence. Luttwak (1990) rightly anticipated that the international relations would not turn into a non-conflictual game after the end of the Cold War, but they would still be driven by diffuse rivalry, along with the deterioration of the military discourse to exercise power. He described it as the shift from the geopolitics of bipolarity to the geoeconomics of multipolarity, or the “logic of war in the grammar of commerce”. Indeed, the exercise of power, statecraft, and international relations are becoming increasingly economic in nature. The rise of emerging powers, especially China, and the alternative form of capitalism and cooperation they propose, represent a whole new challenge to the Western hegemony, which is jeopardized not by military actions but by aggressive geoeconomics postures. Indeed, the complex web of asymmetric economic interdependences provides systematic incentives for the use of geoeconomic policies rather than traditionally geopolitical ones. Indeed, China is described by Jennifer M. Harris and Robert Blackwill (2016) as a “leading practitioner of geoeconomics” and a “maestro” of the new international economic competition. Despite the actorness in the geoeconomic system is still motivated by the traditional core elements of statehood, participants to the new international dynamics had to adapt to the structural pressure. Cowen & Smith (2009) suggest that “the geoeconomics recasts rather than simply replace geopolitical calculation” and states are still adjusting, attempting to reframe coherently their political persona. In this framework, the Chinese geoeconomic actorness and its rise as a major power in the field of cooperation with Sub-Saharan Africa represent a threat to the longstanding European interests in the region. Departing from these considerations, the European response to the geoeconomic assertiveness of China is the focus of the research, as Beijing challenged the EU in a EU-dominated field such as cooperation and in a strategic area such as sub-Saharan Africa.

2. The Dragon and the Old Continent

The EU and China have not yet cemented in a monolithic international subject like the United States. Indeed, the Union has been gradually developing its hybrid and supranational characteristics but its identity in geopolitics is still under construction. On the other hand, China has been experiencing a revolution in economic and political terms that led Beijing to hold an unprecedented power, ending the low-profile strategy that characterized its foreign policy. They share the common feature of enjoying a vast geoeconomic potential and are most likely to pursue strategic objectives through economic policies. As the two actors are both looking for affirmation in the international stage, Sub-Saharan Africa is the most likely field of confrontation. Indeed, the continent has been traditionally vulnerable to external influences because of its economic fragility, strategic energetic assets, unstable institutions, and security concerns. The current US disengagement from the region paved the way to a more assertive Chinese policy, while the EU is called to protect its longstanding interests in the region.

- *Towards a Geoeconomic European Union*

Single in name, dual in policy-making method, multiple in nature: the European Union is an extremely complex international actor. The hybrid nature of the Union is particularly visible in the realm of external relations and its role in the international system, representing both the most successful example of economic integration and failure in security and military cooperation. However, the current shift in the international structure towards geoeconomics empowers its actorness, unlocking unprecedented room of manoeuvre as the international competition moved towards an economic battlefield. Indeed, economics has traditionally been dealt at the supranational level, entailing a form of European sovereignty. The EU is best served by an international legal order based on limited state intervention and free trade. As the system is currently under attack, the Union needs to reorient its attitude towards a more active defense of its interests. To preserve its strategic interests and promote its agenda, the EU needs to recast its external action, especially to contain the geoeconomic power of China in Sub-Saharan Africa.

- *The Chinese masterpiece of Geoeconomics*

Since the end of the last century, China has become a new economic and political power in the world thanks to the exceptional growth that has pushed its economy to the forefront of the world and the claim of greater political weight at the international level. Moreover, the country's regional and international

projection has greatly increased its influence in international relations to the point where it can change economic relations and geopolitical balances not only in Asia but also in many other areas of the world, especially Sub-Saharan Africa. China has been the most outstanding economic miracle of the last century, it transitioned from a poor centrally planned economy into a flourishing market-oriented one, de facto becoming one of the most prominent international actors. Its outstanding growth rate in the last years granted it a new international status. As the economy started outperforming in growth rates the rest of the world, China accumulated potential political capital because of the weight of its economy in the international dynamics. The Chinese government understood the rising multipolarity and the evolving shift towards geoeconomics, leading to a gradual reassessment of national priorities and foreign policy. Despite the current international institutional setting is designed to contain emerging powers that might challenge the hegemonic status quo, the Asian superpower is trying to assert its role starting from there. China came to develop a two-fold approach: increasing its role within the existing institutions and/or build up an alternative. The PRC has shown so far, the ability to impact substantially international relations through economic means, as the Belt and Road Initiative is a clear declaration of hegemonic intentions.

- *Sub-Saharan Africa: the new land of opportunities and controversies*

From a hopeless land to a land of strategic opportunities, sub-Saharan Africa has been a fulcrum of international dynamics in the last decade and it is most likely to be central in the geoeconomic and geopolitical calculations in the years to come. The region has been a lower US priority in foreign policy after the end of the Cold War, and the diminishing American engagement in the continent led to a vacuum of power. In an era of rising multipolarity, where various actors try to redefine their presence in the international chessboard, the American disengagement inevitably paved the way to more assertive foreign policies of other actors. China made Africa a top strategic priority. In contrast, the EU had to increase its efforts to maintain strict ties with a traditional zone of influence as Africa. The renewed international interest in the region is not only explained by the US partial retreat but the weaknesses and strengths of the region both offer appetible opportunities. As African states have generally poor economic and institutional conditions, they are weaker negotiators and more vulnerable to external influences. Finally, the economic opportunities of a developing region, the possibility of acquiring new alliances

given the weight of the African bloc in the United Nations, the continent's wealth of natural resources make of Africa the new chessboard of international competition.

3. The European Defensive Engagement

Europeans are no longer alone in Africa. The scale of non-Western engagement in the region is unprecedented and it is limiting the Union's room of maneuver, pushing it to respond strategically to the rising competition. "The new scramble for Africa" transformed the continent into a geoeconomic chessboard and a global market, prompting intense diplomatic, commercial, and financial activities. The large-scale and growing Chinese presence in the region is a consolidated reality, and the EU and its member states must cope with it. Indeed, the EU priorities and strategies will inevitably collide with other powers, especially the PRC (Faleg & Palleschi, 2020). Beijing proposes a completely different paradigm of cooperation to Sub-Saharan countries jeopardizing the European power in the region. As a matter of fact, the EU faced increasing challenges in the region with the emergence of China as a major geoeconomic actor and it had to reframe its agenda to respond. General patterns of adaptation can be detected and labeled as defensive engagement, since the Union reinvigorated its efforts towards Africa but avoided open confrontation with China. The main observations drawn by the research conducted on primary and secondary sources reveal that:

1. The rise of China as a geopolitical actor in Sub-Saharan Africa reinvigorated and compacted the European interests in the region while fueling the strategic relevance of Africa
2. The rise of China as a donor in Africa led the European Union to reform its development policy and criteria for access to aid
3. Both the Commission and the Council pushed for a form of triangular cooperation as an attempt to protect existing fora, standards, and the European interests
4. The EU investigated new economic instruments for cooperation to keep up with China, promoting blended finance to engage private actors
5. The normative identity of the European Union in the international stage is under pressure because of the appealing Chinese pragmatism, the European Parliament has been vocal about this threat

Overall, the rise of China as a major and alternative actor in Sub-Saharan Africa raised concerns in Europe but functioned as a catalyzer for a more coherent and integrated cooperation policy with the

region. The Union identified its key interests with the maintenance of its regulatory power and the preservation of the financial institutional setting, making open confrontation a counterproductive choice. This calculation has been the main driver for the discussions on triangular cooperation and the revision of the traditional financial instruments. The rise of China from recipient to donor status led also to a change in the eligibility criteria for bilateral aid from the EU, as the Union decided to reorient its resources from MICs to LDCs (more generally to the African continent). Finally, the Union has not yet solved a fundamental controversy of its cooperation policy linked to the “non-interference” policy of China. The normative identity of the European Union in the international stage collides with its engagement with pragmatic China, as the European Parliament denounced.

4. The Case of Ethiopia

Beyond the general pressure, the rising competition in the field of development can be assessed at the micro-level by observing the trajectories of the actors in a single nation. The case of Ethiopia suits particularly well this necessity, as here both the European Union and China represent equally important partners (Hackenesch, 2013). Indeed, the country is extremely reliant on the European aid flows, but it also identified China as a key strategic partner since 2002. It is one of the few cases (the other one is Angola) where China can be considered on par with the EU. On the overall, it was possible to find evidence of the defensive engagement of the EU in all the aspects investigated. However, the effectiveness of the policies and stances adopted by the Union is not uniform. Despite the aim of the research is not to assess the effectiveness of the EU cooperation policy, it emerged that the Union is often incapable of operationalizing its political decisions. In conclusion, the Chinese pressure in Ethiopia had an impact on the EU policy for development: the EU aid flows to the country increased, high-level meetings were organized, it pushed to a reorientation of ODAs, and it boosted the efforts to create instruments for blended finance. However, the triangular cooperation among blocs as imagined by the Union never concretized, the efforts for coordination among MS were unsuccessful and its normative power proved resilient but had to become more flexible.

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List of acronyms

AfCFTA- African Continental Free Trade Area
AIP- African Investement Platform
BRIC- Brazil, Russia, India, China
CAP- Common Agricultural Policy
CCP- Common Commercial Policy
CFSP- Common Foreign and Security Policy
CSDP- Common Security and Defence Policy
DAC- Development Assistance Committee
DG DEV- Directorate General Development
DG- Directorate General
DRC- Democratic Republic of Congo
EBA- Everything But Arms
EDF- European Development Fund
EIB- European Investment Bank
EIP- European Investment Plan
EP- European Parliament
EPRDF- Ethiopian People's Revolutionary Democratic Front
EU- European Union
EU-AITF- EU-Africa Infrastructure Trust Fund
EXIM- Export–Import (Bank)
FAO- Food and Agriculture Organization
FDI- Foreign Direct Investment
FOCAC- Forum on China-Africa Cooperation
GDP- Gross Domestic Product
GSP- Generalized System of Preferences
HR/VP- High Representative/ Vice-President
ICT- Information and Communication Technologies
IPE- International Political Economy
IR- International Relations

JSC- Joint Cooperation Strategy
KLP- Keep a Low Profile
LDC- Least Developed Country
MFF- Multiannual Financial Framework
MIC- Middle Income Country
MS- Member States
NDICI- Neighbourhood, Development and International Cooperation Instrument
ODA- Official Development Aid
OECD- Organisation for Economic Co-operation and Development
PRC- Popular Republic of China
SE4ALL- Sustainable Energy for All
SEZ- Special Economic Zone
SOE- State-Owned Enterprise
TDC- Trilateral Development Cooperation
TEU- Treaty of the European Union
TFEU- Treaty on the Functioning of the European Union
UK- United Kingdom
UN- United Nations
UNDP- United Nations Development Program
UNGA- United Nations General Assembly
US- United States
USSR- Union of Soviet Socialist Republics
WTO- World Trade Organization

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