COMPETING DISCOURSES, LOCAL PRACTICES, AND DEVELOPMENT IMPLICATIONS: A CASE STUDY OF CHINESE MULTINATIONAL CORPORATIONS IN ETHIOPIA IN THE ERA OF THE BELT AND ROAD INITIATIVE

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Competing Discourses, Local Practices, and Development Implications: A Case Study of Chinese Multinational Corporations in Ethiopia in the Era of the Belt and Road Initiative

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CERTIFICATE OF ORIGINALITY

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_____ (Signed)

Yetebarek Hizekeal ZEKAREAS (Name of student)

Dedication

To all rural women working in factories in Ethiopia—whose invisible hands forge the backbone of progress, yet whose lives remain tethered to the cruel paradox of scarcity amid plenty. May this work amplify your voices, honor your labor, and kindle pathways toward the dignity your perseverance demands.

Abstract

Over the past two decades, the proliferation of special economic zones has emerged as a hallmark of Ethiopia's efforts to replicate China's development model. More than two dozen such zones, predominantly occupied by Chinese multinational corporations (MNCs), now operate across Ethiopia's urban centers. This study examines the local development implications of Chinese MNCs through case studies of four companies operating in Hawassa Special Economic Zone—the continent's largest Chinese-built special economic zone, located in southern Ethiopia. By analysing perspectives from state actors, corporations, workers, and community members, the findings challenge binary theoretical frameworks, such as the neo-Marxist "neo-colonialism" narrative or the "Sino-neoliberalist" "win-win" paradigm. Instead, they reveal a complex, contested landscape of development outcomes.

The local impacts of Chinese MNCs are multifaceted, marked by three key characteristics: (1) improved infrastructure, though with minimal community consultation; (2) a high degree of workforce localization, albeit accompanied by poor working conditions for low-skilled laborers; and (3) increased export revenue, yet limited integration of domestic content. Data from state and corporate sources emphasize positive contributions, including infrastructure development, job creation, and export growth. Grassroots narratives, however, reveal divergent views: while most low-skilled workers—primarily rural women—report dissatisfaction with low wages and harsh labour conditions, semi-skilled workers and expatriates express optimism about career and financial prospects. Similarly, displaced farmers criticize inadequate compensation for zone construction, and families of low-skilled workers lament exploitative conditions, whereas families of semi-skilled workers and local small business owners highlight economic benefits tied to employment opportunities.

These dynamics underscore how actor-specific backgrounds and institutional contexts—both domestic and international—shape development outcomes in ways beyond the control of Chinese MNCs. The study critiques structuralist analyses that simplistically frame Chinese firms as either transformative agents or neocolonial exploiters. Instead, it advocates for nuanced, context-driven investigations into Sino-African relations, challenging universal narratives about the role of Chinese MNCs in Africa's industrialization and broader development discourse.

Acknowledgements

“Let God go before you!” This was the last farewell wish I heard from my family members who accompanied me to Bole International Airport in Addis Ababa on the afternoon of August 15, 2021. Nearly four years have passed as I write this acknowledgment, marking the completion of my dissertation. Throughout these years, I believe that God has indeed gone before me, as they wished, guiding me successfully along my PhD journey. I am deeply grateful to God for His help, guidance, provision, and protection.

My father often says, “When God wants to help you, He sends good people.” I believe that my chief supervisor, Professor Hok Bun KU (whom I call Ben), is one of these blessed individuals. He started offering his support immediately upon my arrival at Hong Kong International Airport on the evening of August 16, 2021. When I arrived, airport security staff told me I needed to provide a phone number of someone I knew in Hong Kong to facilitate my quarantine arrangements. After hours of contemplating, I was unable to find anyone. Not knowing what to do, I gave the security personnel the office phone number of my supervisor, which I found on our department’s website. Even though it was outside office hours, I smiled when he answered the call—later he told me that he had linked his office phone with his mobile. He explained my situation, and from that moment, he became my life mentor. Throughout my studies, he served as my guiding light—consulting on everything from formulating my research topic to developing proposals, conducting fieldwork, and writing the final draft. I have seen many times how small changes he suggested brought about significant positive impacts. He also envisioned, planned, and took action to extend our personal relationship into institutional collaborations between PolyU and academic and non-academic institutions in my home country. Dear Ben, thank you for everything. At this point, I want to appreciate Kan and Emma for visiting my country and family with my supervisor from March 24-26, 2023. Although I spent

most of my time working with my chief supervisor, my co-supervisor, Professor Ruby CHEN, is also a wonderful person always willing to lend a helping hand. Her invaluable feedback on my proposal and post-fieldwork report significantly contributed to the quality of my research.

Upon my arrival, I was fortunate to meet local classmates like Egbert and Debby ('Para'), who helped me not only to navigate but also to enjoy Hong Kong—a city more complex and advanced than where I come from—making it feel like a second home. In my department, Shirley and Fanny, our vibrant administrative staff, made my working environment smoother through their prompt responses to my many inquiries and in-person guidance whenever needed.

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During the early stages of writing my thesis, I benefited greatly from participating in writing workshops and courses organized by institutions and individuals who provided feedback on my chapters. Notably, the "China-Africa/Africa-China Research Network: Writing for Impact" workshop in Johannesburg, South Africa, in June 2023 was instrumental. Professor Yoon Jung Park secured funding for my trip and offered constructive comments on my writing pitch. I also attended the "Research and Writing (APSS6008)" course taught by Professor Christian Greiffenhagen while developing a research article based on my fieldwork.

In the final stages of my writing, I am especially grateful to Dr. Ermias Kifle for his encouragement during my struggles to write, as well as for taking the time to read and beautifully format chapter three of my thesis. Similarly, Professor Ongaye Oda, my colleague

and close friend in Ethiopia (whom I affectionately call ‘Ongish’), polished the discussion and conclusion sections. Additionally, he, along with other good friends Deng Jie, Dr. Teshome Gudissa (‘Teshe’) and Sisay Hakota (‘Sitre’), regularly checked on my and my family’s wellbeing, offering emotional, material, and spiritual support. Dear Deng, Ongish, Teshe, and Sitre, thank you for being there for me.

Finally, I want to express my heartfelt gratitude to all my family members in Ethiopia especially Hizekeal Zekareas, Tsehay Zeleke, Abenezer Hizekeal, Efta Hizekeal, Hewan Tilahun, Saro and Keha for their unwavering presence throughout my PhD journey—through prayers and emotional support. I am so grateful for you all.

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List of Acronyms

AGOA	African Growth and Opportunity Act
BRI	Belt and Road Initiative
CCECC	China's Civil Engineering Construction Corporation
CCP	Chinese Communist Party
COVID-19	Coronavirus Disease of 2019
EIC	Ethiopian Investment Commission
EIZ	Eastern Industry Zone
EPRDF	Ethiopian People's Revolutionary Democratic Front
FOCAC	Forum on China-Africa Cooperation
GPNs	Global Production Networks
HU	Hawassa University
IPDC	Industrial Park Development Corporation
MNCs	Multinational corporations
MoFED	Ministry of Finance and Economic Development
NPC	National Planning Commission
PRC	People's Republic of China
PVH	Philips-Van Heusen Corp
SEZs	Special Economic Zones
SNNPR	Southern Nations, Nationalities, and Peoples' Region
SOE	State Owned Enterprise
TPLF	Tigray People's Liberation Front
USD	United States Dollar

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1. Introduction

> "Ethiopia's Industrial Hopes *Dwindle* as Conflict, Sanctions Take Toll" (Voice of America, 13 September 2022), "Park Life: Workers *Struggle* to Make Ends Meet at Ethiopia's $250m Industrial Zone" (The Guardian, 19 October 2022a), "Angry Workers *Spurn* Ethiopia's Industrial Revolution" (France 24, February 4, 2020), "The *Dark Side* of Ethiopia's Export Boom" (Foreign Policy, 31 October 2022), "The Children's Place *Cancels* Millions of Dollars of Garment Orders from Ethiopia" (The Guardian, 19 October 2022b).

> "Chinese Companies *Powering* Ethiopia's Ambition to Become Africa's Manufacturing Hub" (China Daily, 19 June 2017), "Hawassa SEZ *Providing* More Than 100,000 Jobs to People in Ethiopia" (CGTN Africa, 3 May 2017), "Ethiopia's Chinese-Built Industrial Park *Generates* 114 Million USD Revenue from Export of Face Masks" (CCTV.com English, 23 September 2021), "Chinese-Built Industrial Parks Help Propel Ethiopia's Economic *Growth* and Competitiveness" (Xinhua, 24 February 2020).

As someone native to Ethiopia with a background in social work and sociology, I initially considered conducting my PhD research on indigenous social support institutions in Ethiopia before arriving in Hong Kong in August 2021. However, my research interests began to shift after I came to Hong Kong and learned about the work of some Hong Kong and mainland Chinese scholars studying Chinese multinational corporations (MNCs) in Africa, including in my home country. This shift was further solidified after I took a course on "China and the Africa" Relations at the Hong Kong University of Science and Technology. Having lived for years in the vicinity of Hawassa Special Economic Zone (hereinafter Hawassa SEZ[1])—Africa's

[1] During fieldwork and writing the first draft of this dissertation, the state identified Hawassa and other comparable establishments as industrial parks. However, while I was writing my second draft, I learned that the state upgraded 10 industrial parks, including Hawassa, to the status of Special Economic Zone (SEZ) (Bekele, 2024). Thus, throughout my writing, I have decided to call my case zone with its new name, Hawassa SEZ, not only because the state upgraded its status but also because it makes comparative analysis easier given that the same name is used in China for similar industrial establishments from where the development model was imported to Ethiopia (De Armas & Jallab, 2002). And by SEZs, I mean a designated social and geographical area in a country that is provided with basic infrastructure, fiscal incentives, and favourable regulatory regimes designed

largest China-built textile and apparel manufacturing establishment, located in Hawassa city, Ethiopia, 275 km south of Addis Ababa—I decided to focus my research on the practices and local development implications of the establishment with a special focus to Chinese MNCs operating within the SEZ. This zone holds particular significance for me, not only due to my personal encounters with it but also because of its unique role in Ethiopia's industrialization journey. When it was launched in mid-July 2016, state officials hailed it as a "pilot project" for future SEZs and a tangible manifestation of Ethiopia's ambition to become a light manufacturing hub in Africa by 2025. The zone is also expected to replicate the success story of SEZs during China's industrialization in the late 20th century. Chinese MNCs captured my attention due to their scale, unique involvement in SEZ building, and textile/garment manufacturing, while other MNCs engaged primarily on garment manufacture.

My interest was further piqued when I encountered contradictory narratives listed above about the Hawassa SEZ in global news outlets simply by typing the phrase "Hawassa SEZ" into a Google search bar. On one hand, Western media portray the SEZ as a struggling or failing project, citing labour issues, conflicts, and sanctions as major obstacles. They suggest that workers are struggling to make ends meet and that export performance is lacklustre. In stark contrast, Eastern media depict the SEZ as a thriving hub of economic activity, emphasizing its role in driving Ethiopia's economic growth and competitiveness, with significant job creation and export revenue figures. The tone and language used in these headlines differ sharply: Western outlets employ negative terms such as "dwindle," "struggle," "cancel," and "dark side," while Eastern outlets use positive language like "powering," "providing," "generates," and "growth." Based on my lived experience around Hawassa SEZ and anecdotal observations of

to attract foreign investment with the intention of stimulating local development through employment creation, export promotion, linkages, and spillovers.

company practices from a distance, I felt these media discourses did not accurately represent the local reality. While there is some truth in these binary portrayals, they are often only partially accurate, as they rely on information sourced from a few state actors who tend to emphasize positive aspects for "image building" or focus on isolated cases of oppressed low-skilled workers at the bottom of the corporate ladder.

Such polarized narratives obscure a more nuanced understanding of the complex local development outcomes resulting from the interplay of multiple actors—negotiating, competing, and manipulating each other within a given social field (Long, 2001). Along these lines, Tang Xiaoyang cautions researchers studying the impact of Chinese MNCs on the development of host countries to be wary of oversimplified generalizations. This is because different actors involved, such as Chinese MNCs, local governments, local enterprises, workers, and local communities, often have conflicting views that can lead to damage for all actors involved. Additionally, other factors, including the lack of an effective statistics-collecting system in many African countries, often lead to either under-reporting or over-reporting. Furthermore, the diversity and flexibility of Chinese MNCs, which vary based on the specific contexts of host African countries, emphasize the necessity of understanding these contexts individually rather than relying on simplistic generalizations about the entire continent (Tang, 2016, p. 108).

Considering the danger of politically charged competing media narratives often fueled by a single story, I had a discussion with my supervisor about incorporating the voices of multiple actors on my research topic and returned to my hometown, Hawassa, to conduct fieldwork between October 2022 and August 2023. The aim was to understand the local dynamics and the development implications of Chinese MNCs in Ethiopia. Methodologically guided by Long's (2001) actor-oriented framework, I situated the practices of Chinese MNCs within the

broader context of other actors, including the state, workers, community members, and institutional forces emerging from the host, home, and importing countries. With the primary goal of understanding the local manifestations of what scholars like Goodburn et al. (2024) and Giannecchini & Taylor (2018) refer to as the "China model" of development through SEZs and their implications in Ethiopia, I posed the following questions: "How do conflicting discourses among multiple actors shape the local development implications of Chinese MNCs?", "What are the mechanisms by which Chinese MNCs transform the local economy of Ethiopia, and how do local actors respond to and negotiate this economic transition?", and "What lessons can be drawn from Ethiopia's experience with Chinese MNCs, and how can these insights inform development strategies in the Global South?"

There is growing academic evidence on the practices of China-associated SEZs and Chinese MNCs in Ethiopia, particularly following the Ethiopian government's decision to make SEZs a cornerstone of its two five-year Growth and Transformation Plans (2010/11–2019/2020) and its ambition to become Africa's manufacturing hub (Jote & Worku, 2024; Xu et al., 2024; Tesfaw, 2023x; Mamade, 2022; Sime et al., 2021; Tesfaye, 2021; Giannecchini & Taylor, 2018; Gu, 2019; Fei & Liao, 2020; Fei, 2018). These studies have enhanced our understanding of the positive developmental impacts of SEZs and the bottlenecks hindering the Ethiopian state from leveraging MNCs to transform its local industrial base. However, most of these studies are methodologically grounded in the political economy framework, focusing primarily on corporate and state actors as their major data sources. This approach obscures the perspectives of other non-state and non-corporate actors—both local and transnational—who shape, and are shaped by, SEZs as a planned development intervention. In a different approach from the usual political economy focus, Fei & Liao (2020) studied the Eastern Industrial Zone, Ethiopia's first private SEZ, by incorporating many different actors like the government, developers, investors, and workers to understand how their relationships change and how the SEZ impacts local

development over time. I followed Fei & Liao's (2020) path with only two minor differences. First, I have chosen Chinese MNCs in a public SEZ (i.e., Hawassa SEZ) as a case study rather than the private ones. Public SEZs in Ethiopia need a separate investigation due to their unique features compared to public ones, including a strong presence of the state and their orientation towards only manufacturing for the global market. Secondly, I included the perspectives of often neglected local community members, in addition to those of the state, corporations, and workers, while analysing the negotiated local development outcomes of Chinese MNCs.

In contrast to media portrayals, my fieldwork led me to conclude that the local development implications of Chinese MNCs are contested and characterized by three key features: (1) improved infrastructure with limited local consultation, (2) a high workforce localization rate with poor working conditions for the majority of low-skilled operators, and (3) a surge in export revenue with limited backward linkages. Chinese MNCs have positively contributed to local development by building infrastructure, including the Hawassa SEZ and other mega-development projects supporting the manufacturing process in the zone. Additionally, observations of Chinese MNCs' employment and export statistics over five years (2019 to 2023) indicate that, on average, they created job opportunities proportional to their size in the park and generated export revenue exceeding their size. However, despite these quantitative gains in job creation and export revenue, they have not yet translated into transformative improvements in the lives of workers—particularly low-skilled rural women, who account for 89% of the total workforce—due to meagre salaries, which are among the lowest in the global textile and garment value chain. Furthermore, most community members have not significantly benefited from these developments, as Chinese MNCs do not source production inputs locally or produce for local consumers. My findings align with a few studies on the development implications of Chinese MNCs, which report mixed outcomes, noting positive development

spillovers but limited transformative power (Sautman and Yan, 2024; Goodburn et al., 2024; Tang, 2019a; Watchefo, 2018; Nicolas, 2017).

I argue that the contested local development outcomes of Chinese MNCs in the Hawassa SEZ should be understood as a "co-construction" shaped by the interplay among three main categories of global and local actors: China and its MNCs, the United States (US) and its unilateral trade agreement, and Ethiopia and its state and non-state actors. The Ethiopian government's strategic initiatives to attract Chinese investment have yielded mixed results, as the lack of competitive local suppliers and unfinished proto-industrialization processes have hindered meaningful economic linkages. Although Chinese MNCs have been instrumental in constructing the SEZ, employing locals, and generating export revenue, their practices of importing production inputs and applying varied workplace regimes to different worker categories have limited development spillovers and resulted in varied working conditions. The US, as a major importing country, initially attracted Chinese MNCs to manufacture in the Hawassa SEZ by granting Ethiopia duty- and quota-free access to its domestic market through the African Growth and Opportunity Act (AGOA) starting from the turn of the century. However, since January 2022, the US has delisted Ethiopia from the AGOA beneficiary list following alleged human rights abuses amid ongoing social unrest in northern Ethiopia, contributing to a decline in employment and export revenue for Chinese MNCs. The role of individual agency among workers and community members has also shaped local development outcomes, as they navigate the challenges posed by the park's capitalistic environment and devise strategies to cope.

Situating my research findings within the polarized structuralist theoretical discourses on Sino-African relations, I argue that neither the neo-Marxists' "neo-colonial" narrative (Rapanyane, 2023; Rapanyane & Shai, 2020; Nielsen & Bunkenborg, 2020; Singh, 2022; Wegenast et al.,

2019; Isaksson & Kotsadam, 2018; Zhao, 2019) nor the Sino-neoliberalists' "win-win" notion (Atitianti & Dai, 2022; Blanchard & Ziso, 2021; Cabestan, 2023; Chen et al., 2020; Huang & Zhang, 2018) fully captures the local development outcome of Chinese MNCs, much like the media portrayals. The Hawassa SEZ and the Chinese MNCs within it are neither as transformative as the SEZs experimented within China during the late 1970s nor a 'failed pipedream' as seen in many African countries. Rather, I argue that the nuanced development outcomes of Chinese MNCs in the Hawassa SEZ resemble the *bahir zaf* (eucalyptus), a controversial tree imported from Australia to Ethiopia in the late 19th century for its adaptability and high economic value for villagers but planted only at the edges of their farmlands and on lands unsuitable for crop production due to the tree's ecological disadvantages (Belachew & Minale, 2025).

1.1. Navigating the complex historical terrain of Sino-Ethiopian encounters

Historical records suggest that the first Sino-Ethiopian encounter dates back to the early first century. The sinologist Hermann noted that the live rhinoceros presented to the court of Chinese Emperor Ping (1-6 AD) originated from the land of the Agazi or Agazian, the Ge'ez-speaking people of Ethiopia (Duyvendak, 1949). This incident may mark the earliest contact between China and Ethiopia, but it is debatable. A well-documented encounter through commerce, however, occurred between the Tang dynasty (618-907 AD) of China and the Axumite Kingdom (100 to 940 AD), which was based in present-day Ethiopia and Eritrea and spanned parts of Djibouti and Sudan, as well as the broader Horn of Africa. As the Ethiopianist Richard Pankhurst noted, items traded during this period included elephant tusks, rhinoceroses' horns, and pearls, among other goods (Pankhurst, 1961, p. 362). Despite these early commercial contacts and the long imperial background of both countries, formal diplomatic relations were not established until the last quarter of the 20th century.

During the Republic of China era (1912-1949), the government of Chiang Kai-shek was among the few nations that condemned Italy's invasion of Ethiopia in 1935, though this did not lead to official diplomatic ties (Shinn, 2014). Relations further deteriorated in the first decade after the establishment of the People's Republic of China (PRC) in 1949, as Ethiopia allied with the West and Taiwan during the 1950s, while China supported the Eritrean People's Liberation Front in response. However, relations began to improve in the 1960s following Ethiopia's support for Beijing in the United Nations and increased official visits between the two countries. This culminated in the establishment of formal diplomatic relations on November 24, 1970, when China recognized Eritrea as part of Ethiopia in exchange for Ethiopia's recognition of Taiwan as part of China (Eisenman & Shinn, 2023).

The period between the establishment of the People's Republic of China (PRC) and the commencement of formal diplomatic relations with Ethiopia was marked by distinct national industrialization efforts. Under Mao Zedong's leadership, China launched its first large-scale industrialization campaign, also known as the Great Leap Forward (大跃进), a five-year plan (1958-1962) modelled on the Soviet Union's social planning framework. However, the Great Leap Forward's outcomes were underwhelming, as it led to economic contraction due to the failure of large-scale industries to meet production targets, limited infrastructure for agricultural modernization, and widespread drought toward the end of the period (Cheremukhin et al., 2015). While these industrialization attempts were not sufficient to ignite an industrial revolution, they laid some groundwork for the upcoming successful industrial revolution. Mao's regime, for example, established an industrial base in rural China, strengthened the national defence system, and nurtured state-owned corporations capable of implementing transnational development projects. A notable example along the latter was the establishment of Railway Engineering Corps of the People's Liberation Army and the Foreign

Aid Department of the Ministry of Railways, which supported the construction of the Uhuru Railway in East Africa. These entities later evolved into the China Railway Construction Corporation and the China Civil Engineering Construction Corporation (CCECC) during the reform era (Brautigam, 2010). After almost four decades of its establishment on 19 June 1979, CCECC has played a pivotal role in importing Chinese model of industrialization to Ethiopia through constructing the Hawassa SEZ and other SEZs in Ethiopia.

During the same period, Ethiopia's Imperial regime (1890-1974), under Emperor Haile Selassie, enacted three five-year plans (1957-1973) aimed at accelerating local development and industrialization by attracting foreign investment through incentives such as tax exemptions, import and export duty relief, and financial support. This strategy successfully attracted foreign-owned firms, which accounted for about three-quarters of the industrial sector by the end of the emperor's reign (Oqubay, 2015, p. 62). However, this top-down approach failed to spark an industrial revolution, primarily due to the absence of a rural industrialization program. The most productive agricultural lands were owned by a few aristocrats (**ባላባቶች**), royal family members, and the Ethiopian Orthodox Church, while the majority of farmers lived as tenants (**ጭሰኞች**) on these lands. This feudal system locked Ethiopia's agriculture into low productivity and susceptibility to frequent famines. De Waal (1997) noted that while Emperor Haile Selassie celebrated his eightieth birthday with an opulent party in 1973, thousands of herders and tenant farmers were dying of famine. The failure to industrialize, coupled with the famine, resulted in the downfall of Emperor Haile Selassie, the last king of the Solomonic dynasty, which had been in power since 1270, in March 1974 by a military coup led by Mengistu Haile Mariam, ushering in the socialist Derg (**ደርግ**, meaning "council") government (1974–1991). As soon as assuming power, Mengistu's socialist regime had pursued a second unsuccessful industrialization attempt by tightening central planning, promoting import substitution, discouraging exports, and restricting private-sector investment. In rural Ethiopia,

the regime dismantled the aristocratic-tenant relationship and redistributed land under the slogan **መሬት ለአራሹ**! ("land to the tiller!"). While this was a necessary step toward increasing agricultural productivity, it was insufficient, as the regime failed to connect rural areas with roads and irrigation systems, diverting most of its budget to quell social unrest in the north. Famines, a recurring issue during the imperial era, worsened under the Derg, with a fifth of the population affected and over 300,000 reported dead during the 1983–84 drought (De Waal, 1997).

During the pre-reform period, Sino-Ethiopian relation was driven more with ideology than commerce. Mainly two causes gave ideology an upper hand in their relations. First, because China was not yet fully integrated into the global production network, commerce and the flow of MNCs to Ethiopia and other African countries had not yet begun. Instead, the relations were characterized by the flow of development assistance from China to Ethiopia in exchange for ideological support. For instance, China granted Ethiopia an interest-free loan of $84 million in 1971 and sent several teams of experts to assist with Ethiopia's agricultural development (The New York Times, 1971). In the same year, Emperor Haile Selassie and Premier Zhou Enlai signed an aid agreement for the construction of Weldiya-Werota highway[2], still referred to by Ethiopians as the "China road" (Shin, 2014). Second, escalating tensions between China and the Soviet Union in the early 1960s, pushed China to view Africa as a platform for ideological competition, where it could demonstrate its reliability as a natural ally compared to the Soviet Union (Alden & Alves, 2008; Anshan, 2007; Scalapino, 1964). Moreover, Ethiopia, Liberia, and other early independent African countries, such as Egypt and South Africa, were

[2] This aid agreement was signed in 1971, started in 1975 after the Ethiopian socialist revolution, and finished in 1983 after China's reform (Driessen, 2014, p. 17).

predominantly pro-Western. Notably, Ethiopia and South Africa participated in UN military operations in Korea to combat Chinese-backed North Korea between 1950 and 1954 (Tesfaye, 2020).

At this juncture, one might expect that the establishment of a socialist government in Ethiopia in 1974 would have further strengthened Sino-Ethiopian relations, given their ideological similarities, shared disdain for Western-style governance, and subscription for a Soviet model of development. However, this did not occur. While economic relations continued, albeit slowly, overall Sino-Ethiopian relation weakened. Mengistu Haile Mariam's decision to strengthen ties with the Soviet Union at the height of the Sino-Soviet conflict, sidelining China, have partly contributed for the slowdown (Shin, 2014). China's development assistance to other colonized African countries were also aimed to support colonized nations in their struggle against Western imperialism. A prominent example in this context was China's expertise and financial support for the construction of the Tazara or Uhuru Railway (Uhuru being the Swahili word for freedom). China provided approximately $500 million at zero interest for the construction of this railway, linking Dar es Salaam to Kapiri Mposhi near Zambia's copper belt. This was the largest foreign aid project undertaken by China during this period, intended to reduce Zambia's economic dependence on Rhodesia and South Africa, both ruled by white-minority governments, by providing access to the sea without transiting through these territories (Gros and Fung, 2019; Robinson & Shambaugh, 1995).

While Ethiopia struggled with a closed-door industrialization policy during the 1980s, China pursued a markedly different path through its reform and opening-up (改革开放) strategy.

Deng Xiaoping, the chief architect of these reforms[3], adopted a pragmatic approach shaped by trial and error rather than emulating any specific country. This reform, often referred to as "socialism with Chinese characteristics," was characterized by three simultaneous features. First, agricultural productivity in rural China was boosted to ensure food security by dismantling Mao's large farming collectives and reintroducing traditional family-based farming units, supported by residual claim rights, irrigation networks, and improved production inputs. Second, rural industrialization (or proto-industrialization) was promoted through small-scale township-village enterprises aimed at creating local markets. Market creation in this context refers to creating a financially stable population with the capacity and willingness to consume mass production, thereby making the first industrialization profitable on the one hand, and creating efficient small and medium enterprises with the capacity to supply production inputs as well as skilled and disciplined labour to factories as per their demands on the other hand (see also Wen and Fortier, 2016). Third, SEZs were established in strategically selected coastal areas of southern China to experiment with neoliberal economic models and forge forward linkages with the industrialized world. By August 1980, Shenzhen, Zhuhai, and Shantou in Guangdong Province were designated as SEZs, followed by Xiamen in Fujian Province in October 1980 (Yeung et al., 2009). While SEZs were not a new concept as similar establishments existed in 19th-century Britain mid-20th century Ireland (Farole & Moberg, 2014, p. 2; Barr, 1983), China's SEZs differed from their predecessors, particularly export processing enclaves, in at least two keyways. First, they encompassed much larger areas, and second, they facilitated a complex of economic activities and services rather than functioning as "uni-functional" entities (Wong, 1987; this aspect will be further discussed in Chapter Six

[3] Mao once described Deng Xiaoping as "a needle inside a cotton ball" (Vogel, 2011) because of his inner strength, which showed in his ability to base decisions on careful analysis rather than feelings.

in relation to the Hawassa SEZ). By 1984, the early success of the SEZs was evident, leading to their expansion to 14 coastal cities (Yeung & Hu, 1992). Concurrently, the success of rural industrialization and agricultural reforms resulted in the termination of rationing for food, textiles, and other consumer goods (Wen & Fortier, 2016, p. 208). A year before Mengistu fled to Zimbabwe following the catastrophic famine and armed resistance that toppled his regime[4], Deng Xiaoping made his historic southern tour (南巡) in 1992 to reaffirm the success of the SEZs and their further expansion across the country.

As China's economic reforms gained momentum during Deng's era, the flow of development assistance to African countries—a hallmark of Mao's period—began to slow down (Schiere, 2011). This strategic shift was hinted at in a speech by Zhao Ziyang, China's Premier from 1980 to 1987, during his Africa tour between 1982 and 1983: "China is now adjusting its economy, and it has its own difficulties. We must not be forced to do what is beyond our mutual strength" (Gros & Fung, 2019, p. 47). This retreat was further solidified when the Chinese Communist Party (CCP) passed a decision during its 12th Assembly held in 1982 to prioritize domestic economic conditions over international affairs. Senior official visits between China and Ethiopia were rare during the 1980s, with few exceptions in 1989 and 1991.

The slowdown in development assistance to Ethiopia and other African countries continued until political and economic considerations prompted a reassessment at the turn of the millennium. The year 1996 particularly served as a wake-up call for China when Taiwan normalized diplomatic relations with Senegal and other African countries (Cabestan, 2023). In the meantime, the U.S.'s decision, under the leadership of President Clinton, to enhance its

[4] The armed resistance from two rebel groups in the north (i.e., liberation fronts from Tigray and Eritrea) have resulted in the fall of the socialist regime in 1991, Eritrea's independence in 1993, and the emergence of the Ethiopian People's Revolutionary Democratic Front (EPRDF) as the ruling party in Ethiopia (Oqubay, 2015; Balema, 2013).

relations with Africa through the unilateral African Growth and Opportunity Act (AGOA), implemented in 2000, alerted China to reconsider its waning ties with the continent (Yeshiwas, 2016; Obuah, 2010). AGOA provided duty-free access to the U.S. market for eligible products (primarily crude oil and garments) and allowed the use of third-country fabric inputs for qualifying African countries[5] (Mihretu & Llobet, 2017; Sheehy, 2022; Wang et al., 2018). Rooted in the U.S.'s post-Cold War foreign policy of engagement and enlargement, AGOA aimed to protect U.S. interests and values by fostering market democracies globally. When President Clinton issued the proclamation on October 2, 2000, Ethiopia was one of 34 African countries designated as eligible countries since the commencement of the act until it was delisted from the beneficiary list over alleged human rights violations during the Tigray War (3 November 2020–2022) in northern Ethiopia (the consequences of AGOA debarment on Chinese MNCs was discussed in Chapter three). In addition to Taipei's and Washington's actions, Beijing has also a domestic cause to revive its relationship with the African continent. During the turn of the century, Chinese officials observed signs of economic stagnation following two decades of remarkable growth, prompting the need for intervention (Chen, 2021).

In response, Beijing began to look outward, reviving its links with African countries to sustain economic growth by tapping into new energy sources and markets while politically counterbalancing its position in the global geopolitical landscape through strengthened South-South collaboration (Singh, 2022, p. 32; Brautigam et al., 2009, p. 3). In March 2000, under the leadership of Jiang Zemin, China announced the "Go Out" policy (走出去战略) as a

[5] Section 104 of the act allows the U.S. President to designate a sub-Saharan African country as eligible if it has a market-based economy, upholds the rule of law, eliminates barriers to U.S. trade and investment, reduces poverty, combats corruption and bribery, protects workers' rights, and refrains from actions that undermine U.S. national security or foreign policy interests. The President can revoke a country's designation if it fails to achieve these standards (AGOA.info, n.d.).

national strategy to encourage mature, labour-intensive, and less competitive corporations—particularly in the clothing and construction sectors—to invest abroad, especially in Africa and Asia (Liu, 2023; Tesfaye, 2020). The Go Out strategy also included establishing SEZs in the Global South, including Africa, to transfer China's successful development models, create business opportunities for Chinese manufacturing firms, circumvent trade barriers, and foster a favourable business environment for Chinese small and medium-sized enterprises (Murphy, 2022). This renewed Sino-African relationship, institutionalized through the Forum on China-Africa Cooperation (FOCAC) in October 2000, marked a shift from ideology-driven to commerce-driven engagement. FOCAC's inaugural ministerial meeting in Beijing included representatives from 45 African states, including Ethiopia (Gros & Fung, 2019; Obuah, 2010). Practical results, cost-effective pursuits, and shared developmental interests became the guiding principles of this new era of Sino-Ethiopian/African relations (Schiere, 2011). One potential distinction between AGOA and FOACA is that, unlike the former, the latter is multilateral and comes with no conditions (Tesfaye, 2020, p.6).

The flow of Chinese official finance and trade have intensified further after 2013 with the launch of the Belt and Road Initiative (BRI, formerly known as One Belt, One Road; 一带一路), President Xi Jinping's signature project aimed at enhancing transnational connectivity and cooperation (Cabestan, 2023). The BRI represents the largest global infrastructure development plan ever undertaken by a single country, encompassing a network of maritime routes (the "Road") spanning Southeast Asia, East Africa, and Europe, as well as upgrades to the historic overland Silk Road connecting China with Central Asia, the Middle East, and Central and Eastern Europe (Yueh, 2019, p. 28). As of January 2023, the BRI spans three continents, involving two-thirds of the world's population and accounting for 40% of global GDP. Fifty-two of Africa's 54 countries, including Ethiopia, have officially endorsed the BRI,

alongside 151 countries and 32 international organizations globally (Cabestan, 2023, p. 548). Since 2013, FOCAC meetings have been closely synchronized with the BRI, expanding the scope and diversity of development projects and official financing initiated prior to the BRI. During the most recent FOCAC summit (September 4–6, 2024), China pledged $51 billion in official financing to Africa, including $30 billion in credits, $10 billion to support Chinese investments, and $11 billion for other forms of assistance. Additionally, funding was allocated for 30 infrastructure projects aimed at enhancing connectivity within the African Continental Free Trade Area, revitalizing BRI-related investments that had slowed during the pandemic (Calabrese & Chen, 2024). This growing flow of Chinese official finance has positioned China as Africa's largest creditor, with its share of sub-Saharan Africa's external public debt rising from less than 2% in 2005 to 17% by 2021 (Munyati, 2024). Similar to official finance, there is significant raise in the volume of Sino-African trade. For example, the trade volume between China and Africa grew from a very low base of $10.6 billion in 2000 to $282 billion (accounting for 22% Africa's total trade) in 2022 making China Africa's largest trading partner followed by Europe (21%), India (6%), and the United States (4%) (Cabestan, 2023, p. 549). However, one should not conflate the growth of Chinese trade with trade balance. There is significant trade deficit between China and Africa. For instance, in 2023, China exported goods worth $170 billion to Africa while importing goods valued at $100 billion (Calabrese & Chen, 2024; Kinyondo, 2019).

Contrary to the growth of Chinese loans and trade, investment from China in Africa remains significantly less than that from traditional partners. This represents a key area where the BRI has underperformed on the continent. For example, the total stock of Chinese investment in Africa amounted to $44 billion in 2021, which is substantially lower than the EU's investment of €204 billion. The majority of Chinese investments focus on energy and minerals, with a relatively small portion allocated to manufacturing, leading to limited employment opportunities. High financial risks, political instability, and inadequate logistical infrastructure

are among the factors contributing to the reluctance of Chinese companies to invest in the continent.

Ethiopia, however, looks exception among other African countries as far Chinese investment is concerned. Chinese officials described Ethiopia as a "bridge" between the BRI and Africa's development, as well as a "pilot country" for China-Africa production capacity cooperation (Xinhua, 2024; Sautman & Yan, 2024). This emphasis is partly due to Ethiopia's commitment not only to revive its political ties with China but also to emulate the "China model" of development through its consciously devised strategies, as outlined in its two five-year Growth and Transformation Plans (GTPs) from 2010 to 2020 (Ministry of Finance and Economic Development, 2010; National Planning Commission, 2016). Ethiopia's GTPs have created an attractive platform to Chinese out going MNCs because they incorporated plans to develop mega development infrastructures including roads, railways, dams and special economic zones to which Ethiopia has limited technical and capital resources (Tesfaye, 2020).

After consolidating his power, Prime Minister Meles Zenawi made his first visit to Beijing in 1995, which was followed by visits from President Jiang Zemin and Premier Wen Jiabao to Addis Ababa in 1996 as part of their Africa tour. These high-level political visits were accompanied by a surge in Chinese MNCs investing in Ethiopia. By 2000, Addis Ababa was chosen to host the first FOCAC meeting and five years later, Chinese MNCs had become a dominant force in the country, constructing highways, bridges, dams, power stations, mobile phone networks, schools, and pharmaceutical factories, among many others (Tesfaye, 2020). In 2007, China established the first private SEZ in Ethiopia, the Eastern Industry Zone (EIZ), located in Dukem, a small town 40 km south of Addis Ababa, with a capital investment of 690 million yuan (Giannecchini & Taylor, 2018). The EIZ was one of seven SEZs that China

established in six African countries following the third FOCAC ministerial meeting in 2006 (Giannecchini & Taylor, 2018; Fei, 2024). In May 2014, Chinese Premier Li Keqiang, along with senior officials and company executives, visited Ethiopia and signed 16 economic and development agreements with Ethiopian counterparts. These agreements included the construction of the Addis Ababa-Djibouti railway, the expansion of the Mojo dry port, and the development of public SEZs in Hawassa, Dire Dawa, and Kombolcha (Shin, 2014). By 2024, Xinhua reported that Ethiopia had attracted over 3,300 Chinese investment projects since the turn of the millennium, primarily in the manufacturing and construction sectors—unlike most African countries, where extractive industries dominate. These projects, worth more than USD 8.5 billion, have created 325,470 jobs, making China the largest source of foreign direct investment (FDI) in Ethiopia, accounting for nearly half of the country's total FDI (Brlie, 2025).

At this point, one may ask, "What does China get in return?" As I discussed earlier in this section, since the turn of the century marked by the "go global" strategy, China's policy towards African countries has shifted from an ideology-driven approach (politics) to a commerce-driven one (economics). However, in the context of Ethiopia, the reverse is mostly true. Of course, Ethiopia offers a promising market for Chinese products, with a population of 135,472,051 that is growing annually by about 2.6% and is expected to catch up to Russia around 2027[6]. But this was not China's primary interest. Instead, what appeals more to China are Ethiopia's geopolitical and geostrategic resources—its position as a political center of the continent hosting the China-built headquarter of the African Union among others and its crucial role in the Greater Horn of Africa region—which provide China with access to African political and economic elites (see Tesfaye, 2020, for a deeper understanding).

[6] https://www.worldometers.info/world-population/population-by-country/

In this thesis, however, my focus is not on the macro-level relationship between China and Ethiopia but rather on exploring the local manifestations of China's development model in Ethiopia and its implications for local development. I do this by examining Hawassa Special Economic Zone (SEZ) and the Chinese multinational corporations (MNCs) operating within it as a case study.

1.2. The Context: The Zone, the City, and the Region

Nearly a year after Premier Li Keqiang's and executives from China's state-owned enterprise (SOE) visit to Ethiopia, China Civil Engineering Construction Corporation (CCECC) signed a contract in July 2015 to undertake the construction of the Hawassa Special Economic Zone (SEZ) in Hawassa city. Construction began in November 2015 and completed by June 2016 (Tadele, 2024). This made Hawassa SEZ the second public SEZ to be constructed in Ethiopia following the Bole Lemi SEZ, which was completed in 2014. However, Hawassa SEZ is considered the first of its kind and as a 'model zone' for several reasons. First, the government allocated approximately USD 242,441,740 for its establishment, making it the most expensive SEZ in the country (Selamawit, 2024, p. 11). Second, spanning over 140 hectares (1.4 sq. km) of the city's total 15,720 hectares, it is the largest textile and apparel manufacturing establishment not only in Ethiopia but also on the African continent. Third, its state-of-the-art technologies enable zero emissions and water recycling, while 50,000 trees spread across the zone and 470,000 square meters of lawn make it one of the few industrial establishments on the continent with sustainable development features (Engineering News-Record, 2017). Third, its rapid completion compared to Bole Lemi SEZ, has made it as a model for subsequent SEZs construction in the country. State officials were particularly impressed by its completion within nine months—a stark contrast to Ethiopia's historically delayed public projects. In a press release prior to the park's inauguration, Arkebe Oqubay, Director of the Industrial Parks

Development Corporation and special advisor to the Prime Minister, described Hawassa SEZ as a groundbreaking initiative. He remarked:

> Previously, the construction of numerous government projects would take at least three, four, or even five years to complete. Some state projects have remained incomplete for ten years. Such prolonged projects not only yield unprofitability but also deprive us of significant developmental opportunities. We must create job opportunities today, generate foreign currency today, and enhance our technological capacity today—not tomorrow. To achieve this, it is imperative to complete development projects within their scheduled timelines. We planned and completed the Hawassa SEZ within nine months. The construction of Hawassa Industrial Park was completed within nine months. This timeframe set a record in our history. The project's success can be attributed to the state's commitment and CCECC's tireless efforts" (Oqubay, July 12, 2016; Dire Tube, 0:50-3:13).

Arkebe Oqubay further emphasized the novelty of Hawassa SEZ's completion by comparing it to Bole Lemi SEZ:

> During the Growth and Transformation Plan-1 (GTP-1) [2010/11 to 2014/15], we aimed to establish four industrial parks across different towns. However, we only managed to complete one industrial park [i.e., Bole Lemi Industrial Park] in Addis Ababa. This shortfall stemmed from inadequate preparation, resource mobilization, and execution capacity. Completing only Bole Lemi took us six years. This is why we regard Hawassa SEZ as a laboratory—a learning experience—demonstrating how we should approach the construction of other parks. It will serve as our model for future developments in other urban corridors" (Oqubay, July 12, 2016; Dire Tube, 3:40-5:00).

Local state officials who closely monitored the construction of the park shared their memories of CCECC's work ethic. Tamrat, a local official in Hawassa who oversaw the project from inception to completion, recalled:

> The Chinese are unlike others. They do not differentiate between day and night as we do. They work tirelessly around the clock. I am aware that some of them even lost their lives due to injuries sustained during construction" (Tamirat, 7 February 2023, Daka, Hawassa).

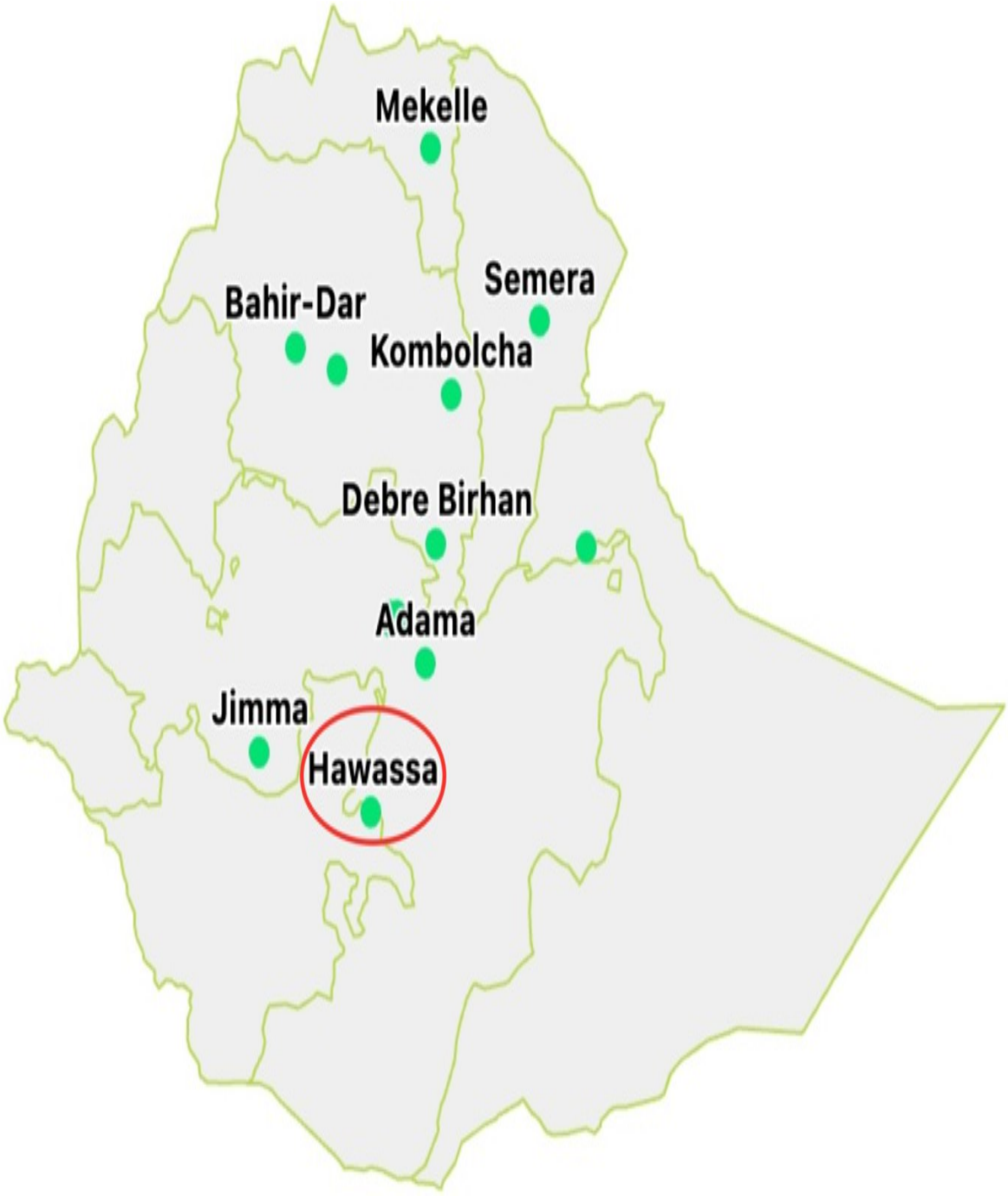
CCECC received an "Outstanding Contribution Award" from the Prime Minister for completing the park rapidly without compromising quality, as noted by Shanko, the General Manager of Hawassa SEZ. Inspired by CCECC's efficiency, the Ethiopian government contracted it to construct other SEZs, including Kombolcha, Mekelle, Bahir Dar, and Dire

Dawa among others. In addition to constructing SEZs, CCECC also constructed other major development projects in Ethiopia under the Belt and Road Initiative (BRI), which support manufacturing processes within Hawassa SEZ and across the country. Among these, two projects stand out: the Addis Ababa-Djibouti railway modernization project, Africa's first cross-border electrified railway, and the Mojo dry port expansion project, Ethiopia's largest inland port (AfricaNews, 2024; Redfoxreport, 2021). Hawassa SEZ utilizes the railway as its primary transportation route for shipping textiles and apparel to international markets and the port as a logistics hub for imports and exports (Assefa et al., 2022).

During interviews with state officials from the Ethiopian Industrial Park Development Corporation (IPDC) and the Ethiopian Investment Commission (EIC), I learned that access to development infrastructure (such as the trans-African highway and a domestic airport), availability of social services (such as health stations and fire brigades), and proximity to an abundant labor force were the main criteria for selecting Hawassa as a location to host the Hawassa SEZ. While these factors make sense from the state's perspective, I argue that being a regional political center is the primary criterion for selecting Hawassa and other SEZ locations in Ethiopia, with the factors mentioned by officials serving only as its reflection. Historical trends in Ethiopia show that once an area becomes a political center—whether at the national, regional, or district level—it benefits from better physical and social infrastructure and demographic growth. For example, Addis Ababa, since its establishment as a national political center during the late 19th century, has become the nation's economic and demographic hub, hosting over half of the country's businesses and industrial establishments and the largest demography compared to other regional capitals in the country. This trend scales down to regional capitals like Hawassa, Mekelle, Dire Dawa, Semera, Bahir Dar, and Adama, all of which were chosen to host SEZs.

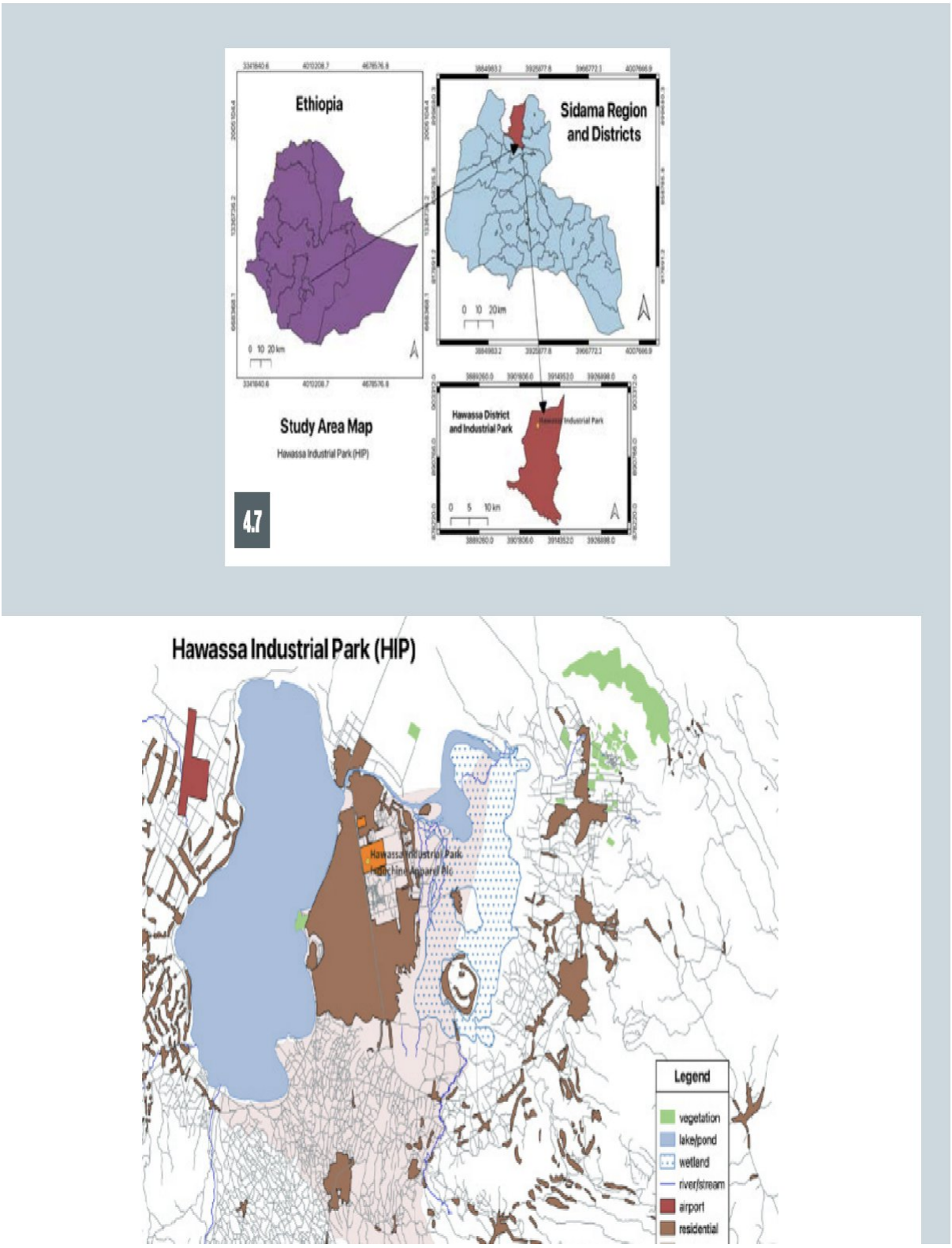
Hawassa was established in 1960—a period when Sino-Ethiopian relations were improving and heading toward formal diplomatic ties—under the name Awasa by Emperor Haile Selassie. Since its founding, it has served as a political center under various regimes. From 1968 until the fall of Haile Selassie, Awassa was the capital of the Sidamo Governorate General (Amharic: *Sidamo Teklay Gizat*). During the socialist regime (1974–1991), it served as the capital of Sidamo Province (Amharic: *Sidamo Kifle Hager).* Under the transitional government (1991–1995), it became the capital of region 8. After the Ethiopian People's Revolutionary Democratic Front (EPRDF) consolidated its power and reorganized the country along ethnic and linguistic lines, the Awassa's name was changed to Hawassa, and it became the capital of the Southern Nations, Nationalities, and Peoples' Region (SNNPR), by then the third-largest region in Ethiopia after Oromia and Amhara and a home to over 56 ethnic groups. It was during this period that Hawassa was chosen to host its current SEZ by Prime Minister Hailemariam Desalegn. In 2018, after the Sidama Zone—the most populous area in SNNPR—formed its own regional state, Hawassa became the political seat of the newly established Sidama Region (Ambaye, 2018, see also the map in the front page for illustration). During its journey as a regional capital city for decades, Hawassa has attracted numerous development and industrialization projects during different regimes, including agricultural enterprises (Amharic: *Ersha Tabiya*) during the imperial regime, modern manufacturing industries like the Awassa Textile Factory, Awassa Flour Mills, and Awassa Ceramics Factory during the regime, and the Hawassa SEZ during the EPRDF era (see Map 1&2 below for distribution of SEZs in Ethiopia and location of Hawassa SEZ).

Map 1: SEZ distribution in Ethiopia



Source: Industrial Park Development Corporation

Map 2: Location of Hawassa special economic zone



Source: Goodburn et al. (2024)

When fully operational, Hawassa SEZ is expected to create jobs for 60,000 youths from the city and surrounding areas. During early commencement of Hawassa SEZ (i.e., when it was a political center of SNNPR), unemployed youths migrated to the city from diverse ethnic groups in the region including Wolayta, Arbaminch, Gedeo, Gofa, Jinka, and Silte among others, thereby adding to the city's multi-culturalism. However, after 2018, when Hawassa became the capital of the Sidama Region, most low-skilled workers I interviewed and spoke with had migrated from nearby rural districts in Sidama Region, such as Yirba, Arbeguna, Tula, Dara, and Chuko. Consequently, the city's once diverse demographic landscape has become more homogeneous. Religiously, 52.71% of the population identifies as Protestant, 39.99% as Ethiopian Orthodox Christian, 7.30% as Muslim, and 3.78% as Catholic. For Chinese MNCs, however, religion and ethnicity are not recruitment criteria. Instead, employment is influenced by gender and geography, with most workers being women from rural backgrounds. Beyond job creation, the SEZ is expected to generate approximately USD 1 billion in export revenue and transform the local economy through spillover effects (Gebremariam & Feyisa, 2019).

1.3. Extended ethnography

Most of the data for this study was gathered during my ten-month fieldwork in Ethiopia, conducted between October 2022 and August 2023. Initially, I planned to begin my fieldwork by conducting key informant interviews with selected members of Chinese management teams, as this method is effective for gathering valuable insights from individuals in key positions (Kumar, 1989). However, I encountered significant challenges in accessing company representatives due to their restrictive practices. Despite multiple attempts to approach management, their gatekeepers denied me access. The Hawassa Special Economic Zone (SEZ) has three gates with keepers. The first is the main entrance to the compound, where workers and staff are not required to prove their identity. However, visitors must show a local identity card, a permission letter, or receive a call from IPDC officials stationed near the main gate.

Passing this first gate was not a challenge for me, as a letter from my university sufficed. The second gate, which grants access to my case study companies, also posed no issue; I simply presented my university letter and a national ID card. The third gate, however, which leads to the management offices, proved to be a significant barrier. Neither my university letter nor my ID card was sufficient to gain entry. I vividly remember Shong, a management member at Zhungwa Garment, stating, "We are here to do business, not for research!" Similarly, gatekeepers at Chunghwa Textile, Xiang Garment, and Gang Apparel asked if I had prior appointments with management members. At this point, I realized that direct approaches to the companies would not yield results.

Eventually, I learned that the only way to access the third gate was through state actors, specifically Industrial Parks Development Corporation (IPDC) officials. The IPDC is the primary state agency responsible for developing and managing industrial parks in Ethiopia. I decided to start by conducting key informant interviews with state officials at the IPDC's Hawassa branch office, hoping to gain access to company representatives through them. However, IPDC officials in Hawassa informed me that I needed permission from their main office in Addis Ababa. "We are a branch office of a federal institution based in Addis Ababa, so you need to get permission from our head office to conduct your research," explained Shanko, General Manager of the IPDC's Hawassa branch office, with a frown. This led me to travel to Addis Ababa in January 2023. My primary objectives during this trip were to obtain permission for my fieldwork in Hawassa, conduct key informant interviews with state officials from both the IPDC and the Ethiopian Investment Commission (EIC)—another relevant organization concerning foreign investments—and access legal and policy documents related to my research topic. Fortunately, I discovered that a close friend held a key position in the IPDC's main office, which made my stay in Addis Ababa highly productive. Officials there suggested that I consider studying other SEZs instead of Hawassa. "You might find Bole Lemi

or Debre Birhan SEZs more suitable," suggested Gurmo, Corporate Planning Sector Head of the IPDC. He continued, "Of course, we consider Hawassa SEZ a model park, but it has been struggling since we lost AGOA [the African Growth and Opportunity Act]." The SEZs Gurmo recommended were less affected by AGOA and had some degree of backward linkage with the local economy. However, I insisted on studying Hawassa SEZ, arguing that the challenges it faced could serve as valuable lessons for other SEZs in the future. I also emphasized that Hawassa SEZ is relatively mature compared to others, such as Debre Birhan, making it an ideal case for observing local development implications.

After seeing my determination, Gurmo granted me permission to proceed with my research in Hawassa SEZ. I began by interviewing him and other state officials at the IPDC and EIC offices on topics such as the rationale behind Ethiopia's SEZ-driven industrialization strategy, the role of Chinese multinational corporations (MNCs) in construction and manufacturing, state-MNC relations (with a focus on Chinese MNCs), state-worker relations, state-community relations, and an overall evaluation of Hawassa SEZ in relation to its objectives. Additionally, I accessed two legal documents from the IPDC (IPDC Pro. No-886/2007 and IPDC Establishment Regulation No-326/2006), which helped me understand the IPDC's role in Ethiopia's industrialization process and its relationship with MNCs. Upon returning to Hawassa, I conducted interviews with officials at the IPDC's Hawassa branch office and other purposively selected regional state officials on similar topics. I also gathered quantitative data on employment and export figures at both the SEZ level and for my case study companies, which I later cross-checked with company statistics. In total, I interviewed five state officials in Addis Ababa and Hawassa, all of whom were male.

These state officials at the IPDC's Hawassa branch office helped me access management members of the case study companies by directly connecting me with them. I interviewed top management members from the four case study companies, including both expatriates and

locals. Interviews with local management teams were conducted in Amharic, while interviews with expatriate managers who spoke only Chinese were facilitated by local assistants fluent in both Amharic and Chinese, as my command of the Chinese language was insufficient. Topics covered during these key informant interviews included the general profile of the company, company relations with the host and home governments, company-worker relations, company-local economy relations, challenges and opportunities of doing business in the park, and statistical information on employment and export performance. Most interviews with state and company actors were recorded through notetaking, as interviewees preferred not to be audio-recorded. From the four case study companies, I interviewed 11 individuals (8 male and 3 female).

After capturing the perspectives of state and corporate actors, I shifted my focus to workers to gain insights into their experiences and working conditions. Similar to my earlier fieldwork, I encountered challenges in engaging with workers, though of a different nature. Access to workers was complicated by their demanding schedules. Most low-skilled workers, referred to as "operators," typically work six days a week from 8 AM to 5:30 PM, with only a fifteen-minute lunch break. During busy periods, they are often required to work overtime, extending into evenings and Sundays, their only day off. To accommodate their schedules, I adjusted my data collection to evenings (5:30 PM to 7:30 PM on weekdays) and Sundays. Data were primarily gathered through in-depth interviews and focus group discussions (FGDs). These methods are particularly effective for uncovering detailed perceptions, experiences, and perspectives on a subject, which aligns with the goals of my research (Showkat & Parveen, 2017; Lacey, 1970; Mac an Ghaill, 1994, as cited in Nyumba et al., 2018). Workers were asked to introduce themselves, describe their companies, and share their experiences of working conditions. In total, 46 workers participated in the study: 22 (10 male and 12 female) in in-depth interviews and 24 (5 male and 19 female) in three FGDs (one with semi-skilled workers

and two with low-skilled operators). Additionally, I collected data through informal chats with workers, particularly low-skilled operators, as they walked home after work. I also observed working conditions both inside and outside the park to gain deeper insights into their lived experiences.

Fieldwork with the local community began immediately after completing the worker-focused phase. Unlike workers, community members generally had more flexibility in their schedules for interviews and discussions. However, many expressed concerns about my identity, which posed challenges, especially during the initial stages. Given that the SEZ is a politically sensitive development intervention, some community members perceived me as a state agent and preferred to remain silent. To overcome this, I approached community members through workers with whom I had previously conducted fieldwork. These workers facilitated my access to their families in rural villages and their landlords in Hawassa city by vouching for my identity as a student.

Data collection began with interviews and discussions with urban residents living near the SEZ, followed by engagement with rural community members, particularly family members of low-skilled operators, to understand their perspectives on working conditions. Urban participants were drawn from four peri-urban villages in Hawassa: *Daka*, *Dato*, and *Chaffe*. These villages were chosen not only for their proximity to the SEZ but also because they host most of the rural migrant women working in the park. Rural participants were selected from three villages in Sidama Region: Moricho, Yirba-Duuwancho (Yirba), and Arbegunna. These villages were chosen because they are home to the families of the operators whom I interviewed. Informants from these areas were primarily farmers and relatives of operators in Chinese MNCs. Community members were asked about their views on the SEZ's influence on their daily lives, the working conditions of their relatives in the park, and their overall experiences with the SEZ.

With community members, I conducted in-depth interviews with 18 individuals (12 males and 6 females) and 3 focus group discussions (FGDs) involving 19 participants (8 males and 11 females). Each FGD consisted of 6 to 7 participants. In total, 37 community members participated in the study. The participants represented a variety of occupations, including government employees, small business owners, landlords, farmers, and university staff. All had connections to Chinese MNCs in some capacity—whether as family members of factory workers, providers of health services to workers, interns sent to Chinese companies, or landlords renting accommodations to workers.

In addition to data collected through informal chats, group discussions, and structured and semi-structured interviews, I also analyzed relevant texts, including charts, schedules, reports, national labor proclamations, and multinational trade agreements. These documents helped identify unseen, hidden, and "faraway" structural forces shaping the development outcomes of Chinese MNCs. Data analysis was conducted concurrently with data collection. My analysis was organized around four main development outcomes expected from the SEZ and the case study companies: infrastructure development, employment creation, export promotion, and spillover effects. I emphasized agreements and disagreements between different actor categories on these outcomes to highlight the contested nature of development in the SEZ. This approach aligns with what Long (2001) refers to as "interface analysis."

The data I collected were shaped by my identity as a male Ethiopian native with a background in sociology and social work, a long-time observer of the SEZ as a local resident, and a newcomer to the academic study of Sino-African relations. These aspects influenced how informants interacted with me and how I processed the information gathered. While I am a native of the region, my identity was not fixed and varied depending on the context. For example, some community members I interviewed were neighbors with whom I had lived before moving to Hong Kong. We communicated in Amharic, Ethiopia's working language,

eliminating the need for a translator. However, family members of low-skilled operators in rural villages spoke only the Sidama language. For them, I was an outsider, as I did not speak their language, so I relied on workers who were fluent in both languages to assist with translation.

By bringing the agency of local actors (state, workers, and community members) and structural forces (capital, national institutions, and transnational trade agreements and development interventions) together for dialogue, what I call "extended ethnography" positions itself between traditional ethnography and institutional ethnography. Traditional ethnography, following Malinowski's approach, focuses on the voices, agency, and coping strategies of marginalized groups—the oppressed, the weak, the exploited, and the hidden—through participant observation. Institutional ethnography, on the other hand, examines the power of capital, "boss texts," and other often-hidden structural forces that shape the daily lives of the masses (Smith & Griffith, 2022; DeVault, 1991; Hondagneu-Sotelo, 1994). In the context of Chinese MNCs in Africa, there is a long tradition of ethnographic research highlighting the conditions and agency of often-overlooked actors, including workers (both Chinese and African) (Driessen, 2014; Wells, 2011; Fei, 2020a, 2020b), local businesses and community members (Gebre-Egziabher, 2007, 2009; Nielsen & Bunkenborg, 2020), and African states (Yan & Sautman, 2023; Chiyemura, 2019). On the other hand, some studies focus primarily on the agency and impact of Chinese MNCs from the companies' perspective (see Tang, 2019b; Brautigam & Tang, 2014). Rather than starting from either local actors or Chinese capital, my research begins by identifying a specific "local" social setting—Hawassa SEZ—where a contentious development project involving multiple actors with differing interpretations and goals is underway. It carefully documents the perspectives of major actors, including those who dominate and those who are dominated, the capitalists and the working class, and those delivering and receiving the development intervention. The ethnography then extends beyond

the SEZ to incorporate the perspectives of actors physically distant from the zone but still influencing the development outcomes of Chinese MNCs. Burawoy (1998) refers to this approach as the extended case method (ECM).

ECM is an ethnographic research method initially designed to contrast the decontextualized abstractions of structural approaches with richly detailed accounts of the actions and choices of real individuals and groups (Gluckman, 1961). Later, ECM expanded to analyze the interrelation between structure and local agency, extending from the local to the extralocal to identify structural forces shaping local contexts and even to challenge and reconstruct existing theories (Burawoy, 1998; DeVault, 1991; Hondagneu-Sotelo, 1994). ECM has been applied to study industrial establishments in Africa (e.g., Burawoy, 2014, on Zambia) and non-industrial contexts such as schools, hospitals, and households (DeVault, 1991; Hondagneu-Sotelo, 1994). These latter works are theoretically grounded in Dorothy Smith's institutional ethnography, which emphasizes exploring the social relations that structure people's everyday practices, particularly by examining interactions within social institutions (e.g., workplaces) and how these interactions become institutionalized (Smith & Griffith, 2022).

I believe ECM is particularly suited to my research context for three reasons. First, in line with an actor-oriented framework, it allows for the analysis of the interrelation between structural forces and the unique behaviors of individual and group actors (van Velsen, 1967, p. 148). This feature is especially relevant for evaluating planned interventions like Hawassa SEZ, as such interventions enter the lifeworlds of local and translocal actors who shape and are shaped by them. Second, ECM allows for extending analysis from the local to the global. Traditional ethnography often confines itself to the claims of actors within the immediate local context, producing thick descriptions of specific actors in isolated settings. While this approach works well in isolated villages, today's interconnected world makes such isolation rare due to advances in technology and the intensification of global-local linkages in commerce, culture,

and ideas (Sen, 2000). ECM's ability to extend beyond the local is invaluable in my context. For example, what happens in Hawassa SEZ is influenced by policies designed in Addis Ababa and, in some cases, by decisions made by parent companies in China or buyers in the U.S. This interconnectedness necessitates extending the analysis beyond the local while acknowledging the importance of the local context. Accordingly, I extended my focus to include national and supranational institutional contexts shaping the export and employment practices of Chinese MNCs, as well as the historical contexts of China and Ethiopia that influence the current manufacturing processes of the case study companies. Third, ECM allows for re-examining the relationship between data and theory. According to Burawoy (1991), anomalous cases that do not fit existing theories can challenge or reconstruct those theories. ECM "applies reflexive science to ethnography in order to extract the general from the unique, to move from the micro to the macro, and to connect the present to the past in anticipation of the future, all by building on preexisting theory" (Burawoy, 1998, p. 5). In line with this, I used ECM to demonstrate how my findings challenge the conflicting structuralist theories of neo-Marxism and Sino-neoliberalism.

1.4. Organization of the thesis

The remainder of this dissertation is organized as follows. Chapter 2 reviews the conflicting structuralist theories—neo-Marxism and Sino-neoliberalism. It examines their basic assumptions about the post-millennium revival of Sino-African relations, their narratives regarding the practices and development implications of Chinese multinational corporations (MNCs), and their limitations. The chapter concludes by advocating for the use of an actor-oriented approach in my research context, as well as in similar studies, rather than relying on one of the structuralist theories. Chapter 3 explores the perspectives of the case study companies on their practices and local development implications. It begins by providing

context for the case study companies, followed by an analysis of their employment and export performance. The chapter concludes with a discussion of their coping strategies in response to local challenges. Chapter 4 focuses on the perspectives of workers regarding their working conditions. It starts with a brief overview of the worker composition, followed by a detailed discussion of their experiences and perceptions of working conditions. The chapter concludes by identifying the presence of three distinct workplace regimes: one for expatriates, one for skilled local workers, and one for low-skilled local operators. Chapter 5 presents the perspectives of local community members, particularly those living near the park and family members of low-skilled operators residing in rural districts of the Sidama National Region. This chapter highlights their views on the SEZ's impact on their daily lives and the working conditions of their relatives. Chapter 6 synthesizes common themes from the previous three findings chapters to discuss the emergence of contested local development implications of the case study companies. It examines the interplay between various actors and structural forces in shaping these outcomes. Finally, Chapter 7 summarizes the practices and development outcomes of Chinese MNCs using the *bahir zaf*—the most controversial tree species in Ethiopia—as a metaphor. It also draws implications of the findings for theory and for other developing countries in the Global South.

2. Theorizing Sino-African Relations: “Neo-Colonialism” or New Economic Partnership?

Contemporary Sino-Ethiopian ties and Sino-African relations at large have become more complex and multidimensional. Its rise as a global economic power and its increasing presence in Africa through trade and investment have created controversy, particularly in Western media, academic, and policy circles (Chen et al., 2020; Dollar, 2016). The extent of this controversy ranges from depicting Sino-African relations as asymmetrical, with Chinese MNCs considered detrimental, to viewing Sino-African relations as a win-win partnership, with Chinese MNCs as stimulators of local development. Marxist (neo-Marxist) theories and the "Sino-neoliberalism" theory, respectively, inform these opposing views. I will talk about these two different theories on Sino-African relations and the related research, highlight their weaknesses, and explain why using an actor-oriented approach based on a constructive theory is the best way to understand Sino-African relations and the impact of Chinese MNCs in African countries.

2.1. Neo-Marxism and its “neo-colonialism” narrative

Jack Straw, the former British foreign secretary, once said, “Most of what China has been doing in Africa today is what we did in Africa 150 years ago” (Stevenson, 2006). Similarly, during an interview on “Africa 360,” held on July 11, 2011, then-Secretary of State of the United States Hillary Clinton was asked by the journalist about her perspective on other players in the African space who do not come with conditions attached to aid and trade [obviously China]. In her replay, she warned about neo-colonialism:

> Well, our view is that over the long run, investments in Africa should be sustainable and for the benefit of the African people. We saw during colonial times how easy it was to come in, take out natural resources, pay off leaders, and leave. And when you leave, you don't leave much behind for the people who are there. You don't improve the standard of living. You don't create a ladder of opportunity. We would rather not see a new colonialism in Africa. We want people who come to Africa and make investments to succeed financially, but we also want them to contribute positively to the community. We don't want them to undermine good governance. We don't want them to basically deal with just the top elites and, frankly, too often pay for their concessions or their opportunities to invest (Clinton, 2011).

Barack Obama also referenced the "bringing their own workers" narrative, which is often associated with the "China model," as detrimental to Africa's local development during his speech to African statesmen gathered at the African Union Headquarters in Addis Ababa on July 28, 2015. He stated:

> Now, the United States isn't the only country that sees your growth as an opportunity. And that is a good thing. When more countries invest responsibly in Africa, it creates more jobs and prosperity for us all. So, I want to encourage everybody to do business with Africa, and African countries should want to do business with every country. But economic relationships can't simply be about building countries' *infrastructure with foreign labour* or extracting Africa's natural resources. Real economic partnerships have to be a good deal for Africa — they have to create jobs and capacity for Africans[7].

Though Obama did not explicitly mention China, the idea of "infrastructure with foreign labour" is uniquely associated with Chinese MNCs operating in Africa (Brautigam, 2015). Such neo-colonial narratives are not limited to Western political figures; they also extend to African opposition leaders. Michael Sata, the leader of the Patriotic Front, the major opposition party in Zambia from 2001 to 2010, and later the president of Zambia from 2011 until his death in 2014, is best known for describing the Sino-Zambian relation as a neo-colonial relation—a move Sautman and Yan (2009) referred to as picking an "anti-China card" during his

[7] https://geneva.usmission.gov/2015/07/28/remarks-by-president-obama-to-the-people-of-africa/#search

presidential campaign in the 2006 Zambian election. After problematizing the presence of Chinese and other major immigrants, including Indian and Lebanese, in his country, he promised his supporters to send the immigrants back to where they came from if they voted for him. Although he lost the election, his neo-colonial narrative negatively shaped the attitudes of many Zambians toward China (see Sautman and Yan, 2009, pp. 149–750, for more detail).

Marxist and neo-Marxist theories theoretically embed neo-colonial narratives of Sino-African relations at large and the development implications of Chinese MNCs in particular. Marxism is a conflict-based theory that sees society primarily divided between capitalists (those who own production) and workers (those who provide labor). In this classical Marxist view of society, the state acts as an executive committee of capitalists, assisting them in their quest for profit maximization and appropriation (Gros and Fung, 2019). With the support of the state, capitalism can escalate to the point where local markets are no longer sufficient. Consequently, monopoly capital begins to cross national borders in the form of multinational corporations (MNCs) seeking raw materials to meet their ever-growing needs and finding new markets for their overproduced goods. These dynamics can lead to the exploitation of the real producers globally, which could ultimately result in their unity against capitalism, potentially leading to its demise and its replacement with communism, a system managed by the oppressed working class.

Marxism consists of several branches, one of which is dependency theory, which emerged in the 1950s as a critique of neoliberal and modernization theories. Though there is no unified dependency theory, all its variants share two core assumptions regarding the development of the Global North and the underdevelopment of the Global South. The first assumption is that the historical underdevelopment of the Global South served as the foundation for the development of the Global North. The latter is rooted in the extraction of precious natural and

human resources from the Global South through conquest and colonial rule rather than innovations from internal renaissances such as science and rationality (Galeano, 1973). Frank argued in his well-known essay, "The Development of Underdevelopment," for which he paid a high price—including being barred from entering the United States—that the underdevelopment of developing nations is not due to their institutions being archaic or irrational, but rather because of the ongoing appropriation of surpluses by core countries from peripheral nations (Frank, 1966). Emmanuel (1972) further expanded Frank's concept, stating that the surpluses from the peripheries are extracted as interests or profits by MNCs, as interests by international financial institutions, and as unfair exchanges from rural producers. The second assumption posits that the dependence of countries in the Global South on those in the Global North conditions their current development. This dependent status is deeply embedded in the historical socio-economic and political relations between the two regions (Frank, 1966). For some scholars of dependency theory, such as Haq (1976), this historical relationship is rooted in colonialism, while for others, such as Prebisch (1968), it is tied to the industrial revolution in the Global North. These historical relations are also considered an integral part of the contemporary global capitalist system (Frank, 1966). Dependency theory was later incorporated into the broader world-systems theory proposed by Wallerstein (1974). Both theories agree that there is an exploitative spatial relationship between the core and periphery in global geopolitics. A minor extension of world-systems theory is the introduction of a third category, the semi-periphery, which combines characteristics of both core and periphery. According to world-systems theory, capitalism has emerged as the sole globally resilient system with a unified division of labour preventing the rise of a single global superpower (Wallerstein, 1988; Chase-Dunn and Grimes, 1995).

Neo-Marxists are pessimistic about the implications of Sino-African relations. They portray Sino-African relations as not only asymmetrical and unstable but also detrimental to the local

development of African countries (Asongu, 2016). According to them, China is opportunistically exploiting African policymakers' frustrations related to past colonialism and exploitation by the West to advance its own foreign policy objectives (Asongu & Ssozi, 2016). “China comes to Africa for economic exploitation and to flex its soft power, which resulted or is likely to result in further impoverishment and geopolitical subservience of the continent,” noted Gros and Fung (2019, p. 39). In doing so, 21st-century China is repeating the patterns of exploitation established by the West in the 20th century, with Africans once again falling into what they perceive as a “carefully laid trap” by China (Anshan, 20007). Therefore, Africa should “wake up” because the “new colonizer” has already arrived for what is being referred to as the “second scramble” (Gros and Fung, 2019). As a result of this awakening, Cheru & Oqubay (2019) label advocates as "the alarmists."

The broader neocolonial narrative surrounding Sino-African relations trickles down to the practices and development implications of Chinese MNCs. One prominent neo-colonial narrative depicts Chinese MNCs as a contributor to the demise of local companies through flooding African markets with “cheap products” (Nielsen & Bunkenborg, 2020; Singh, 2022; Spear’s, 2012). Singh’s (2022) fieldwork with community members affected by Chinese MNCs in the city of Durban (South Africa), for example, led him to argue that Chinese companies’ clothing imports (textiles, clothing and shoes) led to the destruction or closure of local producers and prolonged unemployment and underemployment for their workers. Similarly, Gabriel & Ahiuma-Young (2008) reported that seventeen Nigerian fabric factories that employed thousands of local workers were closed between 2004 and 2008 due to a “destructive competition” with mature Chinese MNCs. Such economically asymmetrical relations, as proponents argue in the media, not only locked Africa into the traditional resource supplier role (Spear’s, 2012) but also threaten the very existence of its small local companies that are unable to compete with the matured Chinese companies (Gadzala, 2010). Another

equally important narrative portrays Chinese MNCs as “resource grabbers.” Proponents argue that Chinese MNCs only invest in resource-rich but poorly governed African countries to satisfy their desire for Africa's minerals (Brautigam, 2015). Some critical Afrocentric voices labelled Chinese MNCs' resource extraction appetites as "no different from the early colonial masters" (Karlsson, 2020; Nielsen & Bunkenborg, 2020; Rapanyane, 2023). Rapanyane & Sha (2020), for instance, argue that Chinese MNCs in the DRC are not different from the early colonial masters who only came to Africa for nothing else but to extract African mineral resources and to develop their own nations at Africa’s expense.

Socially, Chinese MNCs are blamed for “bringing their workers” to Africa (Wegenast et al., 2019) and creating poor working conditions by paying low salaries and failing to adhere to local and international labour standards (Isaksson & Kotsadam, 2018; Zhao, 2019). Regarding the issue of expatriate workers, Wegenast et al. (2019) argue that Chinese mining MNCs operating in Sub-Saharan Africa create fewer jobs compared to non-Chinese firms because they [Chinese MNCs] bring more expatriates to local mines. According to these authors, there are two main reasons for the practice of importing expatriates instead of employing local workers: First, unlike other companies, Chinese firms can easily access skilled workers back home through their centralized expatriate management system. Second, this importation reduces their need to invest significantly in local skill development. The influx of Chinese expatriates into African countries diminishes local employment opportunities and displaces previously employed local workers. Gadzala (2010), for instance, reported that “local mine and construction workers are continually laid off and pushed into the informal economy as Chinese entrepreneurs and workers enter Zambia” (p. 41).

Additionally, early literature also highlights poor working conditions in Chinese MNCs. Reports on such conditions began to surface in academic circles even before the influx of large

MNCs into Africa through the Belt and Road Initiative (BRI). The prominent one in this case was a study conducted in 2009 by the African Labour Research Network aimed at analysing labour perspectives in Chinese investments across ten African countries. This study found tense labor relations, hostile attitudes toward trade unions, violations of workers' rights, and low wages compared to MNCs from other countries to be common features of Chinese firms (Baah and Jauch, 2009). Particularly in Namibia, working conditions in Chinese firms have been characterized as "a new form of colonialism" (Jauch and Sakaria, 2009). They noted that workers were left unprotected from exploitative practices while the government seemed reluctant to take decisive actions, maintaining a dubious position that workers' rights and wages should be compromised now to achieve development and prosperity in the future (p. 39). The next year, another study examining the lived experiences of ex-workers in a Chinese textiles joint venture in Zambia reported deteriorating working conditions driven by reduced wages, casualization, and strict discipline (Brooks, 2010). A much-debated narrative on the Chinese work regime and the lived experiences of workers emerged in academic and media circles following a Human Rights Watch report on abusive working conditions in Chinese copper mines in Zambia in 2011 (Wells, 2011). The report contended that "workers often risk their health working under demanding conditions for lengths of time that extend beyond what is permissible under Zambian law or are fired" (p. 4).

Proponents of the neo-colonial school consider the impact of Chinese MNCs on surrounding local communities to be insignificant or negative, in addition to their failure to create job opportunities and their role in manufacturing poor working conditions. Nielsen and Bunkenborg (2020), for example, reported that the unregulated logging practices of Chinese logging companies, along with their collusion with local elites, have led to detrimental impacts on local communities. Moreover, a recent study on Chinese-owned free trade zones (FTZs) in Nigeria concludes that the FTZs' contribution to surrounding local communities through job

creation, technology transfer, and export promotion is not substantial (Umearokwu & Abimiku, 2023).

According to the advocates, China's non-conditional approach to certain autocratic yet resource-rich African states has overlooked political and human rights abuses in those countries (Jackson, 2012, p. 6; Lyman, 2005). They further highlight the potentially detrimental nature of Chinese official financing, which poses higher risks of indebtedness for recipient African countries (Taylor, 2007). They propose a neoliberal solution for African development. They assume a custodian role by placing conditionality at the center of their development programs in Africa and other countries in the Global South. The conditions or strings attached to economic development programs in Africa mainly oblige African countries to liberalize their politics and economies by prioritizing liberal democracy, private capitalism, and other political rights, which are believed to enhance the outcomes of "good governance" in Africa. Conditionality has taken various forms over different periods. For instance, during the last quarter of the 20th century, it manifested as structural adjustment programs. Aid from the IMF and WB during the 1980s was conditional on the countries' governments implementing structural adjustment programs that required them to restructure their economies and societies in line with neoliberal theory (Ritzer, 2011). At the turn of the century, conditionality began to take the form of trade preference programs, to which the strings of "good governance" were attached. The U.S. African Growth Opportunity Act (AGOA) serves as the best example in this regard.

Even though the neo-colonial school offers insights into the increasing suffering in Africa alongside China's steady ascent, empirical data suggests that China-Africa relations are, at least in part, mutually beneficial for both parties (Chakrabarty, 2016). Some scholars contend that, given China's relatively recent and tentative presence in Africa, as well as its "zero

involvement" policy in local African affairs, the relationships between China and Africa should not be viewed as a North-South relationship (Chakrabarty, 2016). More importantly, critics highlight two reasons that complicate the application of a neo-colonial perspective in understanding contemporary Sino-African relations. First, unlike the West, China has no colonial legacy in Africa (for this, see Jacques, 2009); instead, China shares a similar past with African countries, as both have endured hardships due to Western imperialism. The West exploited China after the Opium Wars, just as it did with African countries (see Grasso et al., 2017). Furthermore, unlike the Global North, China has supported many African countries during their independence struggles. The recent Sino-African engagement is largely based on commercial interests and common development goals with minimal ideological influence. Critics argue, therefore, that Sino-African relations should be understood through the lens of South-South Cooperation. Second, while critics agree with neo-colonialists on the trade imbalance between China and Africa—where China holds a surplus position—they also argue that such an imbalance is not comparable to Africa's relationship with the Global North. In North-South relations, Africa is relegated to the role of a raw material supplier; however, in the contemporary Sino-African relationship, conscious actions, such as providing zero-tariff status for imports from African countries with a high trade deficit, have been initiated by China to mitigate the trade imbalance and bolster the industrial base of African countries. Moreover, the development of infrastructure aimed at enhancing local industrial bases—such as industrial parks, roads, railways, and electrification projects intended to light up rural areas of Africa—are cited by critics as examples of successful South-South cooperation (Brautigam and Tang, 2011).

2.2. Sino-neoliberalism and its “win-win” narrative

Building on these limitations of the neo-colonial narratives, alternative “win-win” narratives have started to emerge from Chinese and African political elites. At the 2006 Forum on China-Africa Cooperation (FOCAC) held in Beijing, Festus Mogae, the former president of Botswana (1998 to 2008), stated, “China treats us as equals, while the West treats us as former subjects.” In 2010, The Economist reported that Hailemariam Desalegn, then deputy prime minister and foreign minister of Ethiopia and subsequently prime minister from 2012 to 2018, advocated for Ethiopia to adopt China's model. He underscored his preference for China's model: "We like the Chinese way of doing things because they don’t say, 'Do this, don't do that'—there are no preconditions (Shin, 2014). Mulatu Teshome, the former president of Ethiopia (in office from October 17, 2001, to July 1, 2003), characterized Sino-Ethiopian relations as “all-weather ties” that have the potential to unlock untapped development opportunities for both nations and their respective peoples. During his interview on CGTN’s Leaders Talk program held on 19 December 2023, he specifically referred to China as his “second home,” reflecting nostalgically on his early years in the country, first as a student at Peking University, Beijing and later as Ethiopia's ambassador to China. Chinese leaders share a similar narrative. During his first state official visit after becoming a prime minister of China, to four African countries (Ethiopia, Nigeria, Angola and Kenya) between 4-11 May 2014, Li Keqiang assured fellow Africans of China’s non-colonial ambition:

> I wish to assure our African friends in all seriousness that China will never pursue a colonialist path like some countries did, or allow colonialism, which belongs to the past, to reappear in Africa (Maasho, 2024).

Similarly, during the opening ceremony of the FOCAC summit in 2019, President Xi Jinping expressed the broader implication Sino-African relation:

> China is the largest developing country in the world, and Africa is home to the largest number of developing countries. China and Africa had already formed a community with a shared future. We stand united with Africa's people, thinking with one mind and working with one heart to build a stronger community with a shared future between China and Africa. We aim to thereby set an example for promoting the building of a community with a shared future for all humanity (CGTN, 2018).

The win-win narratives of Chinese and African leaders about their relations are theoretically rooted in neoliberalism, particularly the Chinese version often identified as "Sino-liberalism" (Gros and Fung, 2019). The latter could be best understood when seen in relation to neoliberalism, a political-economic theory established during the late 19th century and early 20th century to shape the economy and society of the Global South. The political version of neoliberalism sees states and institutions as the core of international relations. One of the core beliefs of political neoliberalism is the notion that cooperation between like-minded states in interstate relations through well-designed international institutions has the capacity to avoid interstate conflicts and ensure mutual development (Gros and Fung, 2019). Economic liberalism, on the other hand, promotes free trade, open economies, economic growth while leaving the market to the forces of demand and supply, also known as the "invisible hand." The assumption behind these ideals is that harmony—not conflict, as the Marxists portray it—exists between consumers, entrepreneurs, and workers. While a state may be necessary, liberalism advocates for minimizing its power and allowing laissez-faire to flourish unhindered (Peet and Hartwick, p. 92). Laissez-faire helps free the movement of MNCs from industrialized countries to less industrialized countries, thereby helping them fill the "gaps" that lock them in poverty. Economic liberalism assumes that less developed nations experience the four "gaps" (resource gap, foreign exchange gap, skill and technology gap, and budgetary gap) that keep them locked in an economic underdevelopment (Streeton, 1974). According to this approach, developing nations can produce economic growth and so escape "chronic poverty" by bridging these gaps. Proponents of this paradigm advocate MNCs in industrialized countries sending

out their production subsidiaries frequently to less industrialized countries with the primary motive of promoting their economic interests—as the most effective approach to narrowing the four gaps that developing countries encounter. From this perspective, attracting MNCs from developing countries is the same as attracting jobs, transferring technologies, generating foreign currencies, and expanding social services among local communities through corporate social responsibility (Dass & Jamal, 2018: p. 3).

During the 1970s and early 1980s, a more aggressive brand of economic liberalism emerged in response to the worsening economy plagued by stagflation and political revision to the right. This aggressive neoliberalism, "liberal imperialism" in the words of Gros and Fung (2019), gives the Global North the "responsibility to protect" countries in the Global South from themselves. By the end of the 1980s, a general set of recommendations based on neoliberal ideas—also known as the "Washington consensus" in the words of John Williamson (a senior fellow at the Washington-based Institute for International Economics)—became standard talking points in conventional international economic policy circles. These policy prescriptions by the World Bank (WB) and the International Monetary Fund (IMF) have since then been applied to borrowing Global South countries to shape their political economy through making it more outward-oriented and pro-free market narratives (Peet and Hartwick, 2015, p. 98; Cavanagh and Broad, 2007). Under the framework of the Washington Consensus, aid from the WB and IMF, these two organizations, has been conditional on the countries' governments, particularly in Latin America and Africa, implementing structural adjustment programs that required them to restructure their economies and societies in line with the values of the Western world (Ritzer, 2011).

Sino-neoliberalism is a different version of neoliberalism with Chinese flavor. Given its historically distinctive path, China only embraced part of neoliberalism and added its essence

to it. Conventional neoliberalism primarily focuses on the state's role in the market. Chinese neoliberalism, unlike conventional neoliberalism, advocates for the active involvement of the state in creating markets (Jackson, 2012). Yi Wen, a senior economist at Tsinghua University, in his fascinating book entitled "The Making of an Economic Superpower: Unlocking China's Secret of Rapid Industrialization," argued that a "free market" is not something like manna that falls from the sky. However, it is an expensive public benefit that requires a robust state to establish and sustain. He further argued that market creation by the state for industrial take-off is not unique to 21st-century China but also occurred in prior industrialized countries, including late 18th-century Britain and early 20th-century America (Wen, 2015).

Wen's argument can be substantiated by a closer look into the East Indian Company (EIC), a British multinational corporation established in the last year of the 16th century. The genesis and practices of the EIC are not only important because it is considered the mother of modern multinational corporations, but also because it shows the strong relationship between commerce and imperialism in the Western world. Robins (2012) captured the relationship between the East India Company and the Crown as follows:

> The East India Company was a state-chartered enterprise. Charters were generally awarded only for ventures that mixed private interests with a broader public purpose— which, in the company's case, was to ensure that England gained a share of the lucrative Asian trade. In return, the company acquired a series of special rights, including the right to mint coins in its overseas subsidiaries, to exercise justice in its settlements, and, crucially, the right to wage war as part of its charter. Indeed, the company's private army evolved from a security service for defending its overseas warehouses to a principal tool for territorial acquisition. The most valuable privilege of all was the monopoly granted to this London-based corporation overall trade between England and the lands beyond the Cape of Good Hope (pp. 30-31).

Using its Crown-chartered status, the East India Company generated great wealth through monopolizing trade in Asia. For example, by the time of its official demise in 1874, Europe's economy was double the size of those of China and India, a complete reversal of the situation

in 1600. The company also contributed to immense suffering, which is alive in popular memory, ranging from shaping colonial experience in India up to forced opium smuggling in China. Regardless of the company's impact, however, one thing remains constant: its strong bond with the imperial state. For the East Indian Company, state intervention through charter renewal were essential to its existence. The state, on the other hand, viewed the company as a cheap source of finance and a political apparatus to outsource British interests in Asia and China (see also Robins, 2012, for the details).

Because Sino-neoliberalists understand this bond between the state and the rise of early multinational corporations in the Western world, they simply reject the notion of hiding the visible hand of the state. This stance also explains the Chinese government's heavy investment in creating domestic and international markets for its firms instead of relying on the traditional neoclassical assumption that the free market is self-created (Wen and Fortier, 2016). This unique feature of Chinese neoliberalism, marked by the co-existence of a liberal economy on the one hand and a strong party-state that monitors it on the other hand, has been the bone of contention among advocates of conventional neoliberalism (Zhao, 2010). Another difference between Chinese and conventional neoliberalism is the absence of imperial ambition in the former. Contemporary relations between China and African countries, unlike their previous version, are based on mutual development goals and are devoid of ideological strings attached to economic projects (Gros and Fung, 2019).

Sino-neoliberalism stands in opposition to the neo-colonial school. From their perspective, colonialism is not only too strong a term to describe Sino-African relations but also hypocritical (Asongu & Aminkeng, 2013). Rather, what should be considered a new form of imperialism is the string-attached policy prescriptions of Western aid agencies and creditors, which aimed to alter the economy and society of sovereign African countries (Tull, 2006). Advocates of the

school argue that China's rise and its increasing presence in Africa is a positive-sum offering both actors an opportunity to co-develop (Cheru & Oqubay, 2019). China brings an alternative form of mutually beneficial and sustainable South-South collaboration to African countries (Power & Mohan, 2010). Politically, the contemporary relationship between China and Africa is believed to boost African agency. Cabestan (2023) argues that the Belt and Road Initiative (BRI) is not only helping China deepen its footprint in Africa but also enabling member African countries to strengthen their agency by providing more development options. The Sino-African relation is also believed to be economically mutually beneficial for both partners. While China benefits from importing Africa's natural resources, cheap labour, and an untapped market for its mature companies, Africa benefits directly from non-conditional Chinese capital, technology and skill transfer, employment opportunities, and foreign exchange generated by Chinese investments (Menell, 2010)".

Chinese MNCs, from a Sino-neoliberal perspective, contribute to local economic growth by empowering small and medium enterprises (SMEs) (Atitianti & Dai, 2022; Blanchard & Ziso, 2021; Cabestan, 2023). The presence of Chinese in African space is recognized for bringing a "constructive competition" among emerging local companies. Positive competition between Chinese and Ethiopian garment and footwear companies has made some Ethiopian companies exporters for the first time (Gebre-Egziabher, 2009; Redi, 2009). Similarly, in Algeria, Senadjki et al. (2023) reported that Chinese MNCs under the Belt and Road Initiative (BRI) have positively impacted the development of SMEs through trade partnerships, market efficiency, and improved employment. Similarly, in Cameroon, the engagement of Chinese MNCs in the mining sector has contributed to the formalization of the local informal mining sector (Weng & Margules, 2022). Advocates suggest that, although the positive influence of Chinese MNCs on local economic development is not as transformative as the changes experienced in China during its early industrial take-off, these impacts are nonetheless visible

(Sylvaire et al., 2022; Huang & Zhang, 2018; Brautigam & Tang, 2014). Proponents of this school contest the notion that Chinese MNCs are solely attracted to resource-rich countries with poor governance outcomes. They argue that Chinese MNCs, like those from the Global North, are motivated primarily by profit (Chen et al., 2020).

Socially, several studies indicate that Chinese MNCs contribute to the improvement of community welfare. For instance, Tang (2019b) posits that the China-Africa cotton cooperation in Zambia and Malawi has meaningfully contributed to skill development and technology transfer to local farmers. The author suggests that Chinese MNCs' unique business practices are the primary reason for local misinterpretations of their contributions:

> …because of its difference with traditional Western cotton-producing MNCs in its managerial style and business model, some Zambians tend to believe CAC prioritizes profit over technical training. However, CAC aims to boost local farmers' production, as its profit depends on their production capacity" (ibid., p. 3).

Chinese MNCs also contribute to solving unemployment problems in African countries, contrary to the dominant narrative of the neoliberal school (see Tang, 2016; Sautman & Yan, 2015). Advocates critique the neo-colonial school for failing to fully understand the Chinese business model regarding employment outcomes. They contend that the Chinese business model in Africa often involves initially employing more Chinese workers, subsequently training local workers, and ultimately replacing the Chinese workforce (Tang, 2016). Although there is a tendency to employ more expatriates during the initial years of operation due to their familiarity with the company's organization, ability to quickly start projects, and need for equipment installation and testing, this number declines over time. Chinese companies often consider hiring more local employees in the long run due to significant reductions in labor costs, which are typically three to four times higher for expatriates than for local employees (Tang, 2016). A study surveying 400 Chinese

business establishments across Africa reported that over 85% of their workforce consisted of local African workers, though this proportion is much lower among top management and professionals (Sautman & Yan, 2015). This inclination to employ more local Africans facilitates indirect developmental spillovers when these workers transfer to other local companies or decide to establish their businesses.

The neo-colonial narrative regarding employment outcomes is also challenged by its "methodological nationalism," which focuses on the "unique" features of Chinese business establishments without methodologically sound comparisons (Oya & Schaefer, 2023; Chan, 2015). The initial debunking of the Chinese exceptionalism' narrative exposed methodological flaws within the Human Rights Watch report. By contextualizing the Human Rights Watch report within the broader discourse on China in Africa, Yan and Sautman (2013: 151) argued that while every mining company in Zambia exploits the country's people and resources, Chinese companies are not exceptionally bad.' Furthermore, the study by the African Labor Research Network has been criticized for not clearly delineating its sampling procedures and for relying on a small number of Chinese companies and research participants (Oya & Schaefer, 2023).

Studies aimed at addressing these methodological shortcomings by comparatively analysing Chinese MNCs alongside their counterparts from other countries began to challenge earlier studies that focused solely on the negative impacts of Chinese MNCs on Africa's local development. For example, Chu and Fafchamps (2022) and Huang and Ren (2013) found no statistically significant differences in wages and other working conditions between foreign, Chinese, and domestic firms in Ethiopia. Other scholars have reported even higher wages in Chinese MNCs when compared to the national average in host countries (Fie, 2018), local firms (Bashir, 2015), and other international comparators (Akorsu & Cooke, 2011). Even in cases of

lower wages, Oya and Schaefer (2019) argue that wage levels should not be singled out as a parameter for assessing workers' living conditions, as low wages do not necessarily equate to insufficient living wages. For instance, Chinese companies that pay lower wages in Angola may also provide food and accommodations, allowing migrant workers to save more compared to their counterparts in other firms that offer higher salaries (ibid., p. 5–6). In Zambia, lower wages at Chinese mines are often offset by greater job stability (Lee, 2017). Regarding occupational health and safety, Oya and Schaefer (2019) found that non-Chinese firms had a higher incidence of work-related injuries and health issues in Angola and Ethiopia.

Recent studies grounded in comparative studies even go beyond merely normalizing differences in working conditions between Chinese and other firms. They highlight variations *within* Chinese companies across different countries, sectors, and firm types (Ofosu & Sarpong, 2022, p. 1754). For instance, workforce casualties are reported to be higher in Chinese companies operating in labour-intensive sectors such as mining and construction (Cooke et al., 2018) compared to those in manufacturing, where permanent employment is more common (Bashir, 2015). Moreover, differing regulations across host African countries also shape working conditions and worker experiences in Chinese companies. In line with this, Lampert and Mohan's (2014) study on Sino-African encounters in Ghana and Nigeria found that host countries prioritize diplomatic and economic relations with China over the regulation of Chinese investor activities (p. 31). Similarly, after conducting survey interviews with 1,400 workers in Chinese manufacturing and construction firms in Angola and Ethiopia, Oya & Schaefer (2023) concluded that generalizing Chinese MNCs as paying low wages compared to others is an oversimplification. Their findings reveal that wages paid by Chinese MNCs vary due to a combination of individual worker characteristics, sector-specific factors, and firm attributes.

Chinese companies operating in different sectors within the same host African countries also exhibit variations in working conditions. Fei (2020a) analysed work regimes and worker experiences in three Chinese companies across Ethiopia's construction, telecommunications, and automobile sectors, revealing that each company has developed its own workplace regime shaped by the company's institutional background, host country contexts, and workers' agency (p. 10). In a separate case study, Fei (2020b) identified distinct labour regimes for two categories of workforce within a Chinese construction company in Ethiopia: a negotiated despotic workplace regime for expatriates and a cautiously precarious workplace regime for local workers.

Given the positive contributions of Sino-African engagement, particularly the role of Chinese MNCs in Africa's development, proponents of Sino-neoliberalism advocate for African countries to reject conditional policy prescriptions from the Western world (Nijs, 2008; Akomolafe, 2008). They point to the differing responses of Asian and Latin American countries. Western financial institutions prescribed similar structural adjustment programs aimed at liberalizing Latin America, Asian countries—including China—and African nations during the last quarter of the 20th century. While African and Latin American nations adhered to these prescriptions, China pursued a distinct, home-grown development model (i.e., market capitalism with Chinese characteristics). Ultimately, while the economies of African countries suffered significantly, China emerged as a new superpower in a relatively short period, lifting more than half of its population out of poverty. Therefore, African countries have much to learn from China (Cheru & Oqubay, 2019).

2.3. An Actor-Oriented Perspective: Development as an arena of struggle

The conventional notion of development equates it with economic growth and measures it fully in terms of quantitative indicators. In this case, quantity is more important than qualitative impact on the lives of the people, and aggregate growth is more significant than detailed variations in the impact of economic growth on people's lives across different regions in a given country. From the point of these mainstream economic measurements of development, human beings are considered economic resources (i.e., production input) in the development generation process (Peet and Hartwick, 2015). However, economic growth can occur without touching problems like inequality or poverty when all the increase in income goes to a relatively few people. For example, economic growth has occurred in most Western countries over the past 30 years at the same time that income inequality has actually widened. Development has economic growth in it; it is not only about growth. It goes beyond quantitative numbers by looking at social consequences of development. It asks questions like, “Under what working conditions has economic growth occurred?” “For whom was the product designed?” and, more importantly, “Who controls the production process?” (Peet and Hartwick, 2015, p. 2). Such questions take development researchers from quantitative figures to studying the lived experiences of various actors involved in the development process.

Development is all about making a better life for everyone. The mission might start with helping the poor meet their basic needs and go on to ensure their freedom from the hardships and challenges presented by the natural world and self-emancipation by helping them gain control over their own social conditions (Peet and Hartwick, 2015). Though the core concept of development (i.e., making the world a far better place for

all by taking as one's starting point the basic needs of its poorest citizens) is full of emotive and ethical-rational content, its process is nonlinear and practically contested due to the involvement of manifold actors. All types of development interventions enter the lives of affected individuals and social groups, who often interpret them differently than those who implement them. As Long noted,

> Outcomes often result from factors that cannot be directly linked to the implementation of a particular development program. Moreover, issues of policy implementation should not be restricted to the study of top-down, planned interventions by governments, development agencies, and private institutions, since local groups actively formulate and pursue their own 'projects of development,' which may clash with the interests of central authorities (Long, 2001, p. 25).

This assumption implies seeing the development process as it encompasses interfaces between various actors at local, regional, and global levels. These interfaces are characterized by discontinuities in interests, values, and power; their dynamics entail negotiation, accommodation, and struggles over definitions and boundaries (Long & Villarreal, 1993, p. 143). From this perspective, development is "nothing more and nothing less than an arena of struggle where actors negotiate, compete, and manipulate each other at different interfaces" (Hebinck et al., 2001, p. 5). It represents a continuous, socially constructed, negotiated, experiential, and meaning-creating process that involves the reinterpretation or transformation of policy during the implementation stage, often leading to no direct correlation between policy and outcomes.

This social constructivist view of development sets it apart from the conventional structuralist view of local development outcomes for Chinese MNCs in Africa and Sino-African relations at large. Structuralist theories, such as neo-Marxism and Sino-neoliberalism, often overlook the role of African agency (Cheru & Oqubay, 2019; Alden & Large, 2017; Mohan & Lampert, 2013; Chiyemura, 2019). Though both theories position themselves at opposite ends of the

continuum regarding the development implications of Sino-African relations for host African countries, they both examine the China-Africa relationship through the lens of "China in Africa" (Gadzala, 2010). They portray China's growing influence in Africa as a coordinated effort by the Chinese state and its multinational corporations (MNCs), while African actors are depicted as passive and lacking agency. Both perspectives are deterministic, linear, and externalist regarding social change in host African countries (Long, 2001: 11). They are heavily influenced by structuralist sentiments, as they attribute agency solely to China and its MNCs while neglecting the roles of states and other actors in developing countries (Garikipati & Olsen, 2008). Such a China-centered perspective—whether viewing China as agents of social transformation or underdevelopment—prevents a comprehensive understanding of the situation by failing to incorporate other visible and invisible actors interacting within the social field and thereby shaping local development implications.

Against this backdrop, critics argue that the local context of African countries, including their agency and institutional factors, influences development outcomes of Chinese MNCs either positively or negatively (Cheru & Oqubay, 2019). An increased flow of unconditional Chinese capital, for example, can foster development in African countries that exhibit significant levels of legitimacy, competitive local industries, and organized labour. However, in African nations with corrupt governments, uncompetitive domestic industries, and unorganized labor, Chinese investments can be detrimental to local development (Menell, 2010). Ethiopia, for instance, is frequently cited as a country that intentionally seeks to attract Chinese investments while contributing to positive development outcomes of operating MNCs within its jurisdiction (Sautman & Yan, 2024). Ethiopia's agency is revealed in its design of local industrialization policies modelled after the East Asian Tigers (Tesfaye, 2020; Cheru & Oqubay, 2019) and through its efforts to build negotiating capacity (Chiyemura, 2019). Similarly, Huang & Ren (2013) reported that South Africa's strict labour laws and powerful

labour unions have played a crucial role in ensuring favourable developmental implications of Chinese enterprises by increasing job opportunities and alleviating employment pressure. Moreover, Mohan & Lampert's (2013) fascinating study on exploring African agency in the China-Africa engagement revealed that African countries presumed to have weak states—due to oil rent and conflict, such as Zambia, Sudan, and Algeria—have exercised their agency to leverage Chinese capital for local development.

Conversely, some studies indicate that host African countries may exacerbate the negative developmental implications of Chinese MNCs. In this regard, Chisiza (2018) argues that framing the lack of local development in Zambian mining towns, where Chinese-owned mining companies operate, as a "Chinese problem' fails to present the full picture. His analysis suggests that these generalizations overlook the systemic issues present in Zambia's laws, labor unions, and corrupt government officials who have failed to protect the mining sector. Similarly, Alves & Lee (2022) discovered that the ability to learn from Chinese multinational companies in special economic zones in Ethiopia and Cambodia is restricted, not just because of issues within the companies themselves, but also because local communities struggle to take in and use that knowledge effectively. Furthermore, Wethal (2017) points out that the agency of workers in Chinese construction companies in Mozambique is hampered by weak institutional support and limited job alternatives.

Other studies highlight how excluding local actors and their institutions from the equation neutralizes the impact of Chinese investments. Miao et al. (2020) found that the institutional quality of host African states complements the impacts of China-Africa trade and Chinese foreign direct investment (FDI) on local economic growth in African countries. In simpler terms, when controlling for the mediating role of institutional quality, Chinese FDI and China-Africa trade alone do not have a significant effect on economic growth in African countries.

Their study underscores the crucial role of local governments in shaping the institutional landscape, which can either harness positive developmental impacts or mitigate adverse effects from both China-Africa trade and Chinese FDI (p. 15). Yang's (2022) study shows that in 49 African countries from 2000 to 2018, the number of foreign workers brought in by Chinese MNCs depends on local rules, particularly the strength of collective labor rights in those countries. Specifically, he argued that Chinese MNCs hire more non-native workers than their non-Chinese counterparts only when investing in countries with weaker collective labor rights. Conversely, in host countries with stronger collective labor rights, Chinese MNCs limit the number of Chinese expatriate workers. Similarly, Tang (2019a; p.3) noted that effective knowledge transfer by Chinese MNCs depends on industrial conditions in the host African countries. This adaptability of Chinese companies to the institutional context of host countries and the deterministic role of local institutions has also been observed in other developing regions of the world, such as Latin America (see Bersch & Koivumaeki, 2019).

Adding the agency of African states and other local and global actors into consideration while investigating implications of Sino-African relations for host African countries will lead us to the actor-oriented perspective that brings all important actors to the table rather than studying them alone. An actor-oriented perspective is not a universal theory of development intervention and social change predicated on an overarching principle governing the formation and transformation of social orders. Instead, it serves as a conceptual tool that facilitates the analysis of diverse social discourses and practices as social actors interpret and reshape their lives and those of others (Long, 2001, p. 49). This framework examines the interconnected conflicts over resources, meanings, institutional control, and legitimacy that involve social actors on both local and global scales (Long, 2001, p. 1).

Development scholars often commence their analyses with preconceived notions about categories of actors, which can lead to misleading conclusions, as social actors exist in various forms ranging from individuals to nations and multinational corporations. Even though social actors come in many different types, they need to be engaged participants who can understand information and plan how they interact with various other actors, such as local people and outside organizations, instead of just being vague groups or passive recipients of help. In this context, social actors must possess agency (Garikipati & Olsen, 2008, p. 327).

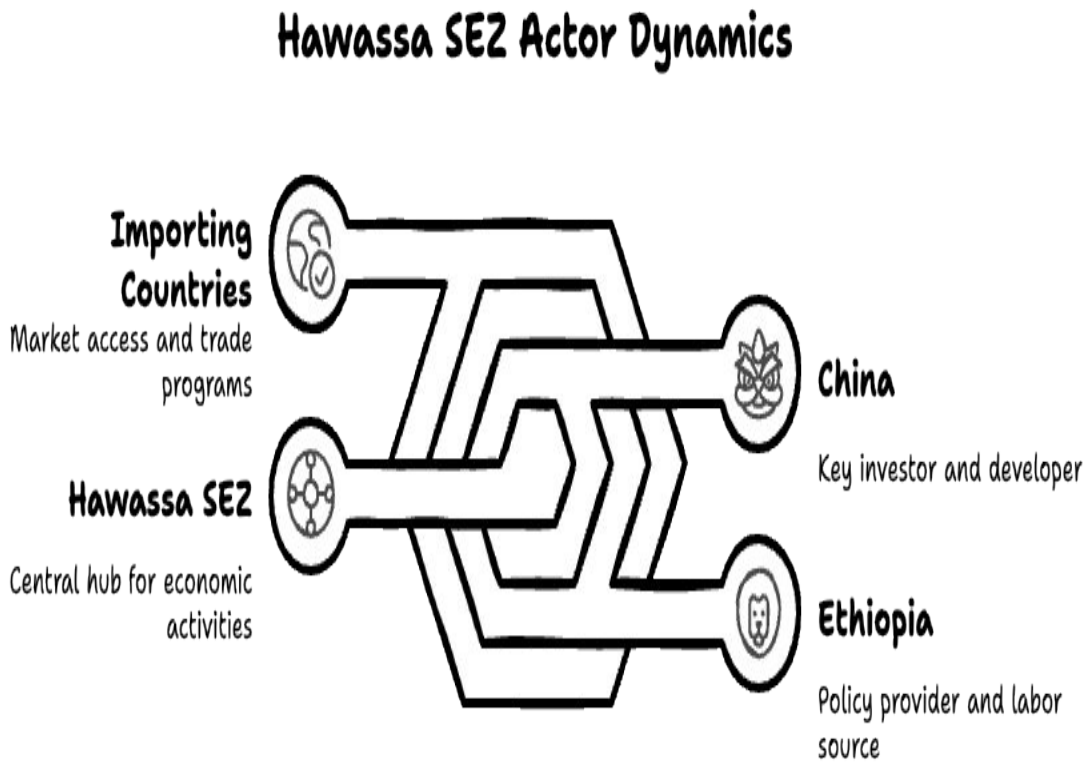
When seen through the lens of an actor-oriented perspective, all social actors, including those in extremely subordinate roles like factory employees in my research context, exert some form of agency, even if their agency is limited by a lack of critical resources (Long, 2001; Long, 1994). Here, agency refers to a social actor's capacity to navigate development interventions to derive benefits or, if necessary, to neutralize their negative impacts (Hebinck et al., 2001, p. 5). Social actors endeavour to identify solutions to challenges, utilize their agency to influence the course of social events, and, to some extent, monitor their behaviour by observing the responses of others and recognizing diverse contingent situations (Giddens, 1984, pp. 1–16). While a single individual may represent the essence of human agency, other entities—such as corporations, employees, government agencies, political parties, and religious institutions—also exercise judgment, undertake appropriate actions, and evaluate outcomes (Long, 2001). In the context of China-Africa engagement, however, agency is often primarily associated with China and its MNCs. Studies typically confine African agency to state elites (Carmody et al., 2012; Chiyemura, 2019 is an exception). As Mohan and Lampert (2013) eloquently state, "this agency is found at the individual level, but also within more organized civil society activity and within parts of the African state" (pp. 109–110).

Long clarifies that an actor-oriented perspective is effective in studying global commodity flows and linkages. It can analyze the interfaces between various actors involved, from producers to consumers, including the cultural identifications and specific language strategies and discourses that emerge (Long, 2001, p. 229). This adaptability makes the actor-oriented framework an ideal approach for my research context. An actor-oriented analysis of a development process begins by identifying a social field in which multiple actors engage with differing interpretations. Development researchers should concentrate on analysing the interfaces between various actors involved in a specific development project once they identify the contested social field. Long refers to this type of analysis as interface analysis (Long, 2001). The aim of interface analysis is to understand how different cultural events come about and how interactions between different ways of expressing ideas affect the lives of the people involved. Each actor attempts to navigate the development process, which often results in varied development outcomes, differences and heterogeneity in economic systems, and diverse coping strategies among multiple actors.

Applying the actor-oriented framework to my research indicates that Chinese MNCs engage with the local environment of the Hawassa SEZ, where they interact with both local and global actors in a process that not only transforms these actors but are also transformed themselves in the process. There are three major actor categories interfacing in the Ethiopian Hawassa Special Economic Zone (Hawassa SEZ) and shaping the development outcomes of Chinese multinational corporations (Chinese MNCs) manufacturing textiles and apparel. The first actor category is China and its state and non-state MNCs, the second is Ethiopia and its state and non-state actors, and the third is importing countries (mainly the US) and their MNCs and trade preference programs. The first actor category is China and its state and non-state multinational corporations. The Chinese government boosts China-Africa relations through government-backed programs (such as the Forum of China-Africa Cooperation (FOCAC) and the Belt and

Road Initiatives (BRI)) and motivates Chinese businesses (both government-owned and private) to invest in Ethiopia. Chinese state-owned companies built the Hawassa Special Economic Zone (SEZ), and private Chinese companies produce goods there, which creates jobs, brings in money from exports, and shares skills and industrial know-how. The second actor category is the Ethiopian state and non-state actors. The Ethiopian state provides a suitable policy platform (such as special tax exemptions and other financial incentives) to attract Chinese multinational corporations; workers provide disciplined labor for production in exchange for wages, and local community members offer labor for the Hawassa SEZ and Chinese companies and the Hawassa SEZ at large. The third actor category consists of importing countries (mainly the US) and their trade preference programs. Importing countries provided duty-free access to apparel produced in the Hawassa SEZ by Chinese MNCs and others through trade preference programs such as the African Growth and Development Act (AGOA) and sometimes sent their companies to manufacture in the Hawassa SEZ (see the diagram below for further clarity). Dimension-wise, I have given equal emphasis to both economic and social dimensions of development during the analysis of my findings. While the economic consequences of Chinese MNCs are measured through the amount of jobs created and foreign currency generated, the social consequences are measured through ethnographically documenting the perspective of workers and affected local community members on working conditions and development spillovers, respectively.

Figure 1: An actor-oriented farmwork



Source: the researcher through the support of Napkin AI

3. Chinese MNCs Perspectives: Entering the Zone, Manufacturing and Surviving

As soon as the construction of Hawassa SEZ was completed, textile and apparel companies started to flow in and occupy production space. During the fieldwork, there were a total of 22 companies manufacturing in the zone, of which 4 were Chinese, 3 were locals and the remaining 15 were non-Chinese MNCs. The appeal of Hawassa SEZ for companies primarily stems from three key sources. First, the Ethiopian government offers various corporate benefits and legal loopholes to MNCs operating within the park. The first incentive is corporate tax holidays, which include exemptions from export tax and income tax for designated years. MNCs that rent space in state-owned parks, including Chinese MNCs in the Hawassa Industrial Park (HIP), benefit from a 10-year tax exemption period, while MNCs that construct their manufacturing plants in Ethiopia (for example, the Chinese-owned Eastern Industrial Zone) benefit from a 5-year tax exemption period. The second fiscal incentive is a customs duty exemption for export commodities and their inputs. Furthermore, multinational firms are exempt from customs duty on capital goods and their replacement products, provided they do not exceed 15% of the capital goods, as well as on manufacturing and service production goods, construction goods, and vehicles required to start or expand a new project. The third fiscal benefit allows for the carrying forward of losses, meaning MNCs that incur losses during their income tax exemption period can carry those losses forward for a duration equal to half of their tax exemption period. The fourth incentive is income repatriation, which permits MNCs to freely repatriate convertible foreign currency profits and dividends, as well as principal and interest payments on external loans, proceeds from the sale or liquidation of enterprises, and compensation payments. The fifth incentive, referred to as Franco Valuta, enables MNCs in the park to import input goods using their own foreign currency, thereby eliminating the

requirement for a foreign exchange permit. Finally, the National Bank of Ethiopia has removed price controls to further facilitate MNC operations. In addition to fiscal incentives, MNCs also benefit from non-fiscal advantages, including the right to own immovable property, such as housing and other assets. The second source of attraction for Chinese MNCs to come and manufacture in Hawassa SEZ was the U.S.'s AGOA which allows duty-free access to the US market for apparel produced in the zone, with its renewal in June 2015 for another ten years. And the third source of incentive comes from the Chinese government as it provides incentives for its matured textile and apparel firms to invest abroad under the "go out" scheme (Driessen, 2021).

The number of Chinese companies fluctuates over time; during the peak period in 2019, there were approximately 24 companies operating in the park, nine of which were from China (mainland and Hong Kong). However, their number began to decline after Ethiopia reported its first COVID-19 case on 3 March 2020, leading to a state of emergency (Asfaw, 2022). During my fieldwork, I identified four Chinese companies that survived the COVID-19 restrictions: Zhungwa Garment & Chunghwa Textile (from mainland) and Xiang Garment & Gang Apparel (from Hong Kong).

A key starting point for understanding the flow of Chinese MNCs in Hawassa SEZ is Philips-Van Heusen Corp. (PVH), the U.S.-based world's second-largest apparel company, which played a pivotal role in establishing the Hawassa SEZ (Mihretu & Llobet, 2017). PVH was the first to occupy production space in the zone and subsequently invited its global first-tier suppliers—both Chinese and other Asian companies—to rent facilities and initiate production in the new eco-industrial park (Whitfield et al., 2020). Despite the current political tensions between the U.S. and China, their companies have historically collaborated in the local context. For instance, Mesay, a senior manager at Xiang Garment, noted that the partnership between

his company and PVH has spanned over thirty years within the global textile and apparel value chain (Mesay, 25 November 2022).

Among the four companies, only Chunghwa Textile manufactures textiles, while the others—Zhungwa Garment, Xiang Garment, and Gang Apparel—focus on garment production. Chunghwa Textile and Zhungwa Garment are sister subsidiaries of Chinese conglomerates based in mainland China, whereas Xiang and Gang Apparel's parent company is headquartered in Hong Kong. Except for Zhungwa Garment, which began manufacturing in 2020, all these Chinese companies entered the park in 2017 and have since been exporting their products primarily to Western markets, especially the USA. Chunghwa Textile is often regarded as a standout in Ethiopia's industrial development journey, as it is the sole producer and supplier of textiles for apparel companies within and beyond the zone (Interview with Chunghwa Textile management member, November 25, 2020). Zhungwa Garment, Chunghwa Textile's sister company, specializes in producing various garments, including dresses, shirts, and woven loungewear, while Xiang Garment focuses on shirt production, and Gang Apparel specializes in shorts and trousers. None of the case study companies source their production inputs from local suppliers. Zhungwa Garment sources its textiles from Chunghwa Textile; however, the other two source their textiles from China and other Asian countries. All Chinese MNCs source their production input from Asia. Chunghwa Textile sources its production inputs (chemicals and yarn). While Xiang Garment sources its production input from Vietnam & Indonesia, Gang Apparel sources from China and Sri Lanka. Export-wise, all Chinese MNCs, except Chunghwa Textile, export to the US market through the AGOA scheme (see table 1 below for a summary of the profile of Chinese MNCs).

Table 1: Profile of Chinese multinational corporations

Chinese firms [Pseudonyms]	Zhonghua Garment	Chunghwa Textile	Xiang Garment	Gang Apparel
Location of mother firm	Mainland China	Mainland China	Hong Kong	Hong Kong
Operational since	2020	2017	2017	2017
Specialization	Dresses, shirts, and woven loungewear	Yarn-dyed fabric	Shirts and uniforms	Jeans, shorts, and trousers
Production capacity (pieces per year)	1.4 million	15 million	N/A	73 million
Source of input	Chunghwa Textile	and India	Vietnam and Indonesia	China and Sri Lanka
Buyers	U.S. (The Children's Place Inc.) and Europe (H&M)	MNCs in Hawassa SEZ and beyond	Mainly U.S. and European (Burberry, J. Crew, Nordstrom, Patagonia, PVH)	U.S. (Walmart and The Children's Place/TPC)

Note: N/A stands for not available

Source: Compiled by the researcher from interviews with state and corporate actors

3.1. Made in Hawassa, fashioned in America

In February and March 2023, I conducted door-to-door interviews with four case study companies to examine their employment creation and export generation trends. After interviewing company management members, I have asked them for five-year (2019 to 2023) employment and export statistics to observe trends. All companies provided data for all years except Zhungwa Garment, which did not provide data for 2019 because it started manufacturing in 2020. Here is the summary of their statistics: Zhungwa garments exported (in USD) and employed (in numbers) 0 in 2019, exported $4,686,852.32 and employed 565 (male: 40 & female: 525) in 2021, exported $530,853.94 and employed 1033 (male: 23 &

female: 1010) in 2021, exported $1,074,374.70 and employed 585 (male: 27 & female: 558) in 2022, and exported $1,223,942.81 and employed 866 (male: 44 & female: 822) in 2023. Chunghwa Textile exported $13,725,782.40 and employed 1269 (males: 51 & females: 1218) in 2019; exported $7,165,135.37 and employed 465 (males: 69 & females: 396) in 2020; exported $7,791,185.80 and employed 474 (males: 162 & females: 312) in 2021; exported $8,084,145.58 and employed 489 (males: 170 & females: 319) in 2022; and exported $10,392,401.80 and employed 818 (males: 98 & females: 720) in 2023. Xiang Garment exported $11,547,113.10 and employed 1298 (males: 103 & females: 1195) in 2019, exported $8,034,604.90 and employed 269 (males: 16 & females: 253) in 2020, exported $9,411,692.37 and employed 513 (males: 51 and females: 462) in 2021, exported $4,371,175.24 and employed 131 (males: 14 and females: 117) in 2022, and exported $2,285,131.16 and employed 853 (males: 145 and females: 145) in 2023. Gang Apparel exported $16,550,862.10 and employed 3583 (males: 426 & females: 3157) in 2019, exported $7,030,278.78 and employed 1152 (males: 103 & females: 1049) in 2020, exported $4,626,225.28 and employed 2177 (males: 562 & females: 1615) in 2021, exported $3,974,051.79 and employed 803 (males: 63 & females: 740) in 2022 and exported $1,259,105.60 and employed 1088 (males: 89 & females: 999) in 2023. I have also collected the total export and employment statistics for the Hawassa SEZ from the IPDC branch office. Accordingly, Hawassa SEZ exported 142,556,952 and employed 35,000 (males: 5,755 & females: 29,245) in 2019, exported 139,489,660.00 and employed 20,400 (males: 2,601 & females: 17,779) in 2020, exported 97,347,842.07 and employed 25,797 (males: 3,363 & females: 22,434 females) in 2021, exported 69,192,496.90 and employed 11,100 (male: 1,799 & female: 9,301) in 2022, and exported 47,305,539.73 and employed 12,058 (male: 1,462 & females: 10,596) in 2023 (see table 1 below for a simplified view).

Table 2: Export and employment statistics of Chinese MNCs

Characteristics	Zhungwa Garment	Chunghwa Textile	Xiang Garment	Gang Apparel	Hawassa SEZ Total
2019 Export (USD)	0.00	13,725,782.40	11,547,113.10	16,550,862.10	142,556,952
2019 Employment	0	1269 (M: 51 & F: 1218	1298 (M: 103 & F: 1195)	3583 (M: 426 & F: 3157)	35,000 (M: 5,755 & F: 29,245)
2020 Export (USD)	4,686,852.32	7,165,135.37	8,034,604.90	$7,030,278.78	139,489,660.00
2020 Employment	565 (M: 40 & F: 525)	465 (M: 69 & F: 396)	269 (M: 16 & F: 253)	1152 (M: 103 & F: 1049)	20,400 (M: 2,601 & F: 17,779)
2021 Export (USD)	530,853.94	7,791,185.80	9,411,692.37	4,626,225.28	97,347,842.07
2021 Employment	1033 (M: 23 & F: 1010)	474 (M: 162 & F: 312)	513 (M: 51 and F: 462)	2177 (M: 562 & F: 1615)	25,797 (M: 3,363 & F: 22,434 females)
2022 Export (USD)	1,074,374.70	8,084,145.58	4,371,175.24	3,974,051.79	69,192,496.90
2022 Employment	585 (M: 27 & F: 558)	489 (M: 170 & F: 319)	131 (M: 14 and F: 117)	803 (M: 63 & F: 740)	11,100 (M: 1,799 & F: 9,301)
2023 Export (USD)	1,223,942.81	10,392,401.80	2,285,131.16	1,259,105.60	47,305,539.73
2023 Employment	866 (M: 44 & F: 822)	818 (M: 98 & F: 720)	853 (M: 145 and F: 145)	1088 (M: 89 & F: 999)	12,058 (M: 1,462 & F: 10,596)

Source: compiled by the researcher from statistics collected from IPDC and case study companies.

Based on the statistics above, Chinese companies contributed, on average, to 16.5 % (3,448 jobs) of the total employment and 25% ($24,752,983.008 USD) of total exports in the Hawassa SEZ. Put differently, they have contributed to employment creation at least commensurate with their representation and export revenue above their size (16% of total MNCs in the park) in the Hawassa SEZ. Employment trends depict a complex landscape characterized by volatility and potential for recovery. There was a peak in employment in 2019 (except for Zhungwa Garment, which did not begin manufacturing until later), followed by a steep decline in 2020, a rebound

in 2021, a drop in 2022 (with Chunghwa Textile serving as an exception), and another recovery in 2023. Notably, Chunghwa Textile experienced a decline only in 2020 but subsequently registered consistent growth in job creation, contrasting with the general downturn experienced by other companies. Although fluctuations are a prominent feature for all Chinese MNCs, companies based in mainland China tend to exhibit a more stable recovery, whereas those located in Hong Kong face greater variability in job creation. Export earnings for Chinese companies saw a dramatic peak in 2019, like employment trends, but have declined in subsequent years. The decline suggests challenges in maintaining export levels post-2020. Though the export trend generally declines, there are differences in it between Chinese MNCs. For example, Gang Apparel, despite strong initial earnings, shows a consistent decline in export revenues; on the contrary, Chunghwa Textile registered consistent growth following its sharp dip in 2020.

The employment and export trend of Chinese MNCs over the past five years reflects the overall situation within the Hawassa SEZ. In both instances, employment levels peaked in 2019, followed by a sharp decline in 2020 and 2022 and a potential recovery in 2023. Similar to exports, employment peaked in 2019 and then experienced a decline. To uncover the reasons behind the dips in employment in 2020 and 2022, as well as the continued decline in exports and the varied responses of Chinese MNCs, I conducted key informant interviews with representatives from these companies and state officials and reviewed relevant secondary sources. Below, I discuss the shocks that resulted in the employment declines, particularly in 2020 and 2022, alongside the consistent decrease in exports. Additionally, I examine the differential responses of some Chinese companies and the challenges and factors that have contributed to these varied reactions to the shocks.

3.2. Shocks and coping strategies

As discussed earlier, the incentives attracting Chinese MNCs to manufacture in Ethiopia stem from incentive packages provided by Ethiopia and China and AGOA trade preference programs by the U.S. Disruptions in one or more of these incentives, particularly in 2020 and 2022, resulted in sharp employment declines and a continuous drop in export levels. Key informant interviews with state officials and management teams from Chinese MNCs indicate that two major shocks—the COVID-19 pandemic and the U.S. decision to remove Ethiopia from duty- and quota-free access to the American market under AGOA on January 1, 2022—are the root causes of these employment declines and the consistent fall in exports.

The COVID-19 pandemic was a global shock that severely impacted countries worldwide, including Ethiopia, affecting export and employment practices within its industrial parks (see Krishnan et al., 2020). In the context of my research, the pandemic challenged both export and employment performance for Chinese and other companies in the park since 100% of the park's raw materials are exported, with approximately 75% sourced from China (see also Misikir, 2020). Chinese companies adopted various coping strategies, the most prevalent being laying off a significant portion of their workforce while shifting production to pandemic-related products for the local market. One example is Gang Apparel, which began producing face masks in partnership with other non-Chinese MNCs, including Silver Spark Apparel Ethiopia Plc, Quadrant Apparel Plc, and Everest Textile Co. Ltd. (Asfaw, 2022: 45).

During the fieldwork, the lifting of COVID-19 restrictions gave way to another pressing national issue: the debarment from AGOA. The Biden administration’s decision to remove Ethiopia, along with Guinea and Mali, from AGOA privileges was motivated by alleged human rights violations related to the social unrest escalation in Northern Ethiopia (Tigray) since

November 3, 2020 (see also Thomas, 2021). The political conflict between the federal government of Ethiopia and the Tigray People's Liberation Front (TPLF), a regional political party, persisted for two years. Following the signing of the Pretoria Agreement, also known as the Cessation of Hostilities Agreement (CoHA), on November 3, 2022, both parties ended the fighting. Subsequent to this agreement, Ethiopia requested the U.S. to reinstate its AGOA trade benefits (Pecquet, 2023). However, as I write this dissertation, the U.S. has suspended Ethiopia's request.

The AGOA debarment has significantly impacted the manufacturing practices of Chinese MNCs and the Hawassa Industrial Park as a whole. Gurmo, the Corporate Planning Sector head at IPDC's main office, commented on the implications of AGOA removal, stating:

> We developed the Hawassa SEZ mainly to take advantage of AGOA privileges. AGOA allows us to sell our products in the American market duty-free, as if we had manufactured them on American soil. After we lost AGOA, international companies began leaving Hawassa and other SEZs in the country, resulting in job losses and a decline in exports (Gurmo, 24 January 2024, Addis Ababa).

Another noteworthy aspect of the employment and export data is that after the dip in employment in 2022, there was a slight recovery in 2023, while exports continued to decline. Interviews with leaders of Chinese MNCs and government officials show that the government's actions to lessen the effects of AGOA helped to briefly improve employment rates, but they did not fix the ongoing drop in exports. The state has been implementing various initiatives to fill the market gap created by AGOA debarment. These efforts include seeking new markets in Europe, the Middle East, and other African countries, as well as enhancing non-fiscal incentives to existing MNCs in the park. The government also temporarily waived export requirements for severely affected Chinese and other companies, allowing them to sell their products in the local market until they identified new buyers. Kassa, the Deputy General Manager of Hawassa Industrial Park, commented on this state intervention:

> The government has been exploring various measures, such as searching for new buyers, to mitigate the negative effects of AGOA. One such measure is temporarily permitting severely affected companies to produce for the local market. The state itself has also become a buyer; we have tasked five severely affected companies to produce uniforms for our police and military forces until they recover" (Kassa, 7 February 2023, Hawassa).

Gang Apparel from Hong Kong is the only Chinese company that received state orders to manufacture uniforms for local law enforcement agencies. Before AGOA's debarment, Gang Apparel had two main U.S. buyers: Walmart and The Children's Place (TPC). After AGOA, duties were levied on apparel imports from Ethiopia, resulting in the termination of orders from both American retailers. In 2022, Gang Apparel was left with only previous-year orders from existing customers. Consequently, two-thirds of the company's operational production lines (10 out of 15) became idle, prompting the company to shift its idle machinery to its overseas manufacturing bases (Yihune, a senior supervisor in Gang Apparel, 1 July 2023, Hawassa). The company also downsized more than half of its workforce, including expatriates, in 2022. On April 16, 2022, Fortune, a major American business publication headquartered in New York City, reported that Gang Apparel had laid off 600 employees at once, compensating them with six months' salary shortly after AGOA debarment.

Gang Apparel not only shifted its focus to the local market but also began sourcing production inputs from local suppliers. A local supplier in Arba Minch has now become the main textile supplier for Gang Apparel and other companies manufacturing uniforms for the national police and military forces. Orders from the state have enabled the company to resume some of its previously closed production lines. For example, Yihune, a senior management member at Gang Apparel, shared:

> …because our company started manufacturing uniforms for the police and national defence forces, we managed to revitalize half of our previously closed manufacturing lines and recalled some of our downsized workers to resume production. Currently, two-thirds of our active production lines are engaged in

> manufacturing state-ordered uniforms, while the remaining one-third continues to fulfil pre-AGOA orders from Walmart" (Yihune, 1 March 2023, Hawassa).

Although this state intervention has led to the revitalization of closed manufacturing lines at Gang Apparel and alleviated some of the employment dip caused by AGOA, it has not reversed the decline in exports, as the production is geared toward the local market. Wang, the main representative of Gang Apparel, expressed doubts about the sustainability of the government's measures, stating:

We do not believe that the government's actions are sustainable, even though they have helped us restart several of our closed production lines. The U.S. market is indispensable for us; there, our customers have substantial purchasing power. They pay on time and place large orders. Therefore, we struggle to enter other markets readily. Without AGOA, we cannot fulfil our commitments or make further investments in the park. If this situation persists, our company may not manufacture here much longer after completing our pre-AGOA orders" (Wang, 2 March 2023, Hawassa).

When the Deputy General Manager of Hawassa Industrial Park stated, "I am sure some companies are preparing to leave the park soon," he was likely considering Gang Apparel. Xiang Garment is another Chinese company that has been affected by the AGOA suspension. However, unlike Gang Apparel, Xiang Garment has not begun producing for the local market. Instead, it has convinced its U.S. buyers to share the duty costs and has implemented efficiencies, such as transportation discounts, to maintain the profitability of exporting to the U.S. Genet, a member of the local management team, stated:

> Although we lost some of our American buyers, we continue to work with two of them: JCPenney and Cintas Corporation. We supply T-shirts to JCPenney and uniforms to Cintas Corporation. After AGOA's suspension, we succeeded in convincing our buyers to share the duty costs with us" (Genet, 25 February 2023, Hawassa).

In an effort to understand the reasons behind Chunghwa Textile's resilience to AGOA suspension, I conducted a key informant interview with its representatives, discovering that the company's unique feature—manufacturing textiles and production inputs for export to other companies—has contributed to its immunity. To quote Mesay, a member of Chunghwa Textile's management team:

> We did not experience problems related to AGOA because we produce only production inputs for other companies that export to the U.S. market. When Ethiopia was excluded from AGOA, we began sending textiles to companies in other AGOA-privileged countries like Bangladesh, Egypt, and many others" (Mesay, 25 March 2023, Hawassa).

The export performance of Zhungwa Garment, a sister company of Chunghwa Textile, has also not been significantly affected, indicating that Chinese companies from the mainland have been more stable in comparison to others. The export data from the company remained relatively stable despite AGOA debarment. Mahilet, a young female manager at the company, attributed this stability to their ability to secure new buyers in Europe. She stated:

> We did not panic when we first heard bad news regarding AGOA. Our exports in 2022 even increased slightly because, after losing our main American buyer, The Children's Place Inc., we found a new buyer in Europe [i.e., H&M] and redirected our exports to them" (Interview with Mahilet, December 12, 2022, Hawassa).

3.3. Geo-Political Divide

At the macro level, the U.S., China, and their respective multinational corporations (MNCs) have adopted starkly different responses to the social unrest in Ethiopia, particularly during the Tigray War (November 3, 2020–2022). These divergent geopolitical stances have significantly shaped the coping strategies of their companies. The U.S. suspended Ethiopia's tariff-free access to its market under the African Growth and Opportunity Act (AGOA) on January 1,

2022, citing violations of internationally recognized human rights during the federal government's conflict with the Tigray People's Liberation Front (TPLF) (Thomas, 2021). However, Ethiopian state officials characterized the suspension as politically motivated. Markos, Director of Labor Management Analytics at the Ethiopian Investment Commission, remarked:

> The problem with the U.S. is that their economic engagement with us is politically motivated. They did not support our government's efforts to uphold the rule of law in Tigray. Consequently, they delisted us from AGOA" (Markos, January 26, 2023, Addis Ababa).

In response to the AGOA suspension, the Ethiopian government shifted its alliance toward the Global South, exemplified by Prime Minister Abiy Ahmed's bid to join the BRICS bloc. At the August 24, 2023, summit in Johannesburg, BRICS extended membership invitations to Ethiopia, Argentina, Egypt, Iran, Saudi Arabia, and the United Arab Emirates (Chinedu, 2023). China, meanwhile, responded to the crisis by reaffirming its principle of *"African solutions to African problems."* Following the AGOA suspension, Beijing granted zero-tariff treatment to 98% of taxable items from Ethiopia, Burundi, and Niger—a move interpreted as part of its broader geopolitical competition with the U.S. for influence in Africa (Pecquet, 2023). These contrasting geopolitical approaches directly influenced corporate strategies. While Chinese MNCs in Ethiopia adapted by finding new buyers, sharing tariff costs with existing clients, downsizing production, and pivoting to local markets, U.S.-based Phillips-Van Heusen Corp (PVH) exited Hawassa Industrial Park entirely, relocating to AGOA-eligible neighbouring countries. Gurmo, Corporate Planning Sector Head of Ethiopia's Industrial Park Development Corporation, highlighted this divergence:

> PVH left Hawassa even before AGOA's official suspension. They even tried to persuade other firms, including Chinese companies in their supply chain, to follow suit—but failed. Chinese firms, by contrast, focus solely on business.

> They don't meddle in domestic affairs" (Gurmo, January 24, 2023, Addis Ababa).

Samrawit, a manager at Xiang Garment and former PVH employee, recalled the abrupt closure:

> PVH halted production without warning. They shut all lines on November 25, 2021—a month before AGOA's suspension. I stayed on for a year as a contractor to assist with the closure" (Samrawit, February 2, 2023, Hawassa).

Beyond external shocks, Chinese MNCs have raised several internal concerns during interviews. These concerns primarily relate to the high costs of training and maintaining the labor force, discontinuities in service provision, and the absence of capable local suppliers of production inputs. Perspectives on labor force issues differ between state and company representatives. From the state's perspective, "cheap labor" is advertised as one of the incentives to attract Chinese and other companies to the park. The presence of a large, trainable labor force is prominently featured in the state's promotional brochures and websites. In contrast, Chinese MNCs emphasize the costs associated with reproducing the labor force (i.e., transforming agrarian workers into disciplined industrial employees) and the challenges of maintaining them due to high turnover rates.

Caishen, an expatriate manager at Chunghwa Textile, noted:

> Most of the workers recruited by us through IPDC are rural women with no prior experience working in a factory. It takes us from one to three months to familiarize them with the machines and teach them proper time management. This makes labor more costly than what the government initially advertised" (Caishen, 23 February 2023, Hawassa).

Caishen continued, "The issue is not only about the cost of training labor. Once workers become familiar with the machines, most of them leave soon after. This means we have to start all over again." In a similar vein, Ailune, another expatriate manager from Zhungwa Garment, added, "Even those who are university graduates, with degrees in fields such as engineering,

often lack the know-how for machine operation, although they are quicker learners compared to rural women."

In summary, in this chapter, I explored the development implications of four case studies of Chinese MNCs from the perspectives of corporations and states. Statistics and narratives from these actors highlight the key role of Chinese MNCs in Ethiopia's Hawassa Industrial Park (HIP), particularly in terms of employment generation and export promotion. Chinese firms contributed approximately 17% of jobs and 25% of exports between 2019 and 2023. However, the study finds fluctuations in employment and a continued decline in exports due to the COVID-19 pandemic and Ethiopia's removal from the U.S. AGOA trade program, which reduced access to the U.S. market.

Another significant finding is the disparity in responses to shocks between Chinese and U.S. companies. Compared to the U.S. case study, Chinese businesses appeared more resilient and flexible in mitigating shocks, such as losing buyers, through strategies like finding new markets. The U.S.-China divide on trade access in Ethiopia mirrors their divide on social unrest, with the U.S. linking trade to human rights concerns while China promotes local solutions for local issues in Ethiopia.

The results do not align with either the neocolonial perspective, which claims that Chinese MNCs hinder local development, or the "win-win" notion, which asserts that Chinese MNCs solely aid local development. The results contribute to the emerging literature within the actor-oriented school, which views Chinese MNCs as one important actor among many local and transnational entities that shape (and are shaped by) their local practices. The implications of the case study companies for local development are positive but far from transformative, given that their manufacturing activities are constrained by the decisions of other actors. For instance, the U.S. decision to include and then remove Ethiopia from the AGOA privilege list has direct

implications for both Chinese and other MNCs' operations. While the inclusion of Ethiopia in the AGOA privilege list motivated Chinese companies to invest and manufacture in Ethiopia, the removal has negatively affected the export and import performance of these companies, with the exception of Chunghwa Textile. Moreover, the Ethiopian state is not a passive actor, as both neo-colonial and Sino-neoliberal school proponents suggest. Rather, it is an active participant making decisions, even when such decisions disappoint more powerful actors like the U.S.

4. Workers' Perspective: Segmented workforce and variegated workplace regimes

A careful observation of workers indicate that they are segmented based on where they came from, gender, level of education, residential status, contract type, wages, and the material support they receive, among others. One of the notable characteristics of case study Chinese MNCs is their employment of both expatriates and local workers. However, the number of expatriate workers is minimal compared to local employees. In 2023, Chinese MNCs employed a total of 3,543 workers, but only 75 of them (2%) were expatriate operators (see table 6 below). We can further categorize the remaining local workers into low-skilled operators and semi-skilled workers. Operators, comprising mainly rural women with low educational levels and limited experience in industrial settings, cover 88.4% of the workforce. They are responsible for actual manufacturing processes, allocating most of their time to cutting, sewing, and packaging finished apparel. Semi-skilled workers (comprising 9% of the workforce), on the other hand, are fresh and experienced graduates in the field of textile engineering

and garments. They often engage in activities that include training operators, replacing them when needed, and assuming other professional roles.

This high level of workforce localization among my case study Chinese MNCs agrees with Mohan & Lampert's (2013) finding that a substantial proportion of the workforce in Chinese MNCs operating in Nigeria and Ghana are Africans. On the other hand, there is a difference among case study companies as far as management localization is concerned. While locals assume management positions, except the general manager position, in Xiang Garment and Gang Apparel, expatriates occupy major managerial positions in Zhungwa Garment and Chunghwa Textile. Even in the case of the two Chinese MNCs where expats dominate the managerial position, Chinese MNCs tend to include a few locals in the managerial position, as it helps them to better manage local workers. For example, in both Zhungwa Garment and Chunghwa Textile, one of the two human resource management positions is assumed by Ethiopians (for similar practices among Chinese MNCs operating in Ghana and Nigeria, see Mohan & Lampert, 2013). This finding makes us cautious about the dominant neoliberal narrative that claims "Chinese bring their workers," thereby contributing less to local employment (Wegenast et al., 2019; Gadzala, 2010).

Another feature of employment in the case study In Chinese MNCs, there is a pronounced gender gap in employment, with women occupying most positions in the workforce. Despite a gradual increase in the number of male employees, women occupy nearly 90% of work positions. This gender inclination toward women aligns with historical trends observed in both Western and industrialized Asian nations, including China, where first industrialization in the garment and textile sectors typically leads to higher employment rates for women than men (Goodburn et al., 2024; Altenburg, 2000; Wen, 2015). In the context of my research, the underlying reasons for this trend are

multifaceted, notably revolving around the perceived submissiveness of women to management and their resilience in performing repetitive assembly tasks. Shubisha, a semi-skilled local worker at Zhungwa Garment, articulated this perspective eloquently:

> Do you know why there are more women than men in my company? The men engage in three behaviors that management dislikes: they argue, they fight, and they steal. They argue for a salary increase; if that does not work, they become confrontational; and if fighting still does not resolve the issue, they resort to theft. When I first joined the company, there were 14 men, including myself. Management dismissed seven of them within a year after catching them red-handed in theft. Due to their disobedient behavior, management terminated the remaining five. After three years, Sami and I are the only men left in my company (Shubisha, 1 April 2023, Hawassa).

Table 3: Workforce composition for the year 2023

Chinese MNCs [Pseudonyms]	Worker's profile				
	Local workers		Expats		Total
	Operators	Semi-skilled	Management	Expat Operators	
Zhonghua Garment	796	57	5	8	866
Chunghwa Textile	758	23	5	32	818
Xiang Garment	802	50	1	0	853
Gang Apparel	852	200	1	35	1,088
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Source: Case study Chinese MNCs

One thing can be said surely this time: Chinese MNCs have contributed to local employment in the Hawassa SEZ. However, development inquiry should go beyond surface-level employment statistics to investigate the conditions under which development is occurring to get a comprehensive understanding (Peet and Hartwick, 2015). Accordingly, between April and May 2023, I have asked workers about their working conditions. Analysis of their perception about their working conditions indicates variations not only between expats and locals but also between workers. Expats see their working conditions as ‘a sacrifice they have to pay for a brighter future in their home country’; semi-skilled local workers see their working conditions as empowering their capability and making them optimistic about the future, whereas low-

skilled local operators reported bitterness and constrained agency. Below, I will discuss these variegated views (experiences) of workers in detail.

4.1. Expats and their contradictory experiences of empowerment and isolation

Expats are either hired directly by their mother company or in consultation with the subsidiary. They came to Hawassa from China and other Asian countries, including Bangladesh, Sir Lanka and India, among others. While Chinese mainly assume managerial roles, others are workers. Their *contract* is often for five years with some context-driven modifications, which gives them a relatively stable employment period. They are a small group, as noted before. Mainly, three factors contributed to their small size. The first is Ethiopia's investment proclamation, which restricts all multinational companies in the country to recruiting expats only in positions where locals are not easily available (FDRE, 2019, 2020). Such positions include management, trainers and top professionals. The proclamation further obliges multinational companies to replace expats as soon as locals gain experience (FDRE, 2020). The second factor is external shocks, mainly COVID-19 outbreaks and Ethiopia's di-membership of the African Growth and Opportunity Act (AGOA), as discussed in the previous chapter. The latter have restricted Chinese companies' duty-free access to the USA market through Ethiopia since January 1, 2022 and have resulted in the termination of some Chinese companies' production bases in the park and the layoff of some expats. Yihune, a local management member in Gang Apparel, stated:

> The impact of Covid-19 and AGOA debarment on our company was greater than that on other companies. The months of late 2020 and early 2022 were particularly challenging for us. During this period, our company nearly faced closure. While we were struggling to recover from the losses caused by the Covid-19 pandemic, we also experienced the loss of our two primary buyers from the US due to Ethiopia's withdrawal from the AGOA beneficiary countries. We slimmed our workforce size, including expats, to cope with the crises we encountered (Yihune, 1 March 2023, Hawassa).

Thirdly, the availability of local operators with very low salaries also contributed to the small number of expats. Despite their small size, however, expats play a crucial role in deciding company-related matters. Specifically, the high cost of remunerating expats, along with their strong relationship with the parent company, enhances their negotiation position. They also hold various roles, ranging from the lowest-level manual operator to the highest-level general manager. For comparative analysis, I focused only on expats who assumed the role of an operator in this chapter.

Expats' perspectives about their working conditions are shaped by their dormitory workplace regime. Unlike locals, they live in state-owned dormitories rented by their respective companies, equipped with all necessary amenities. While expat management resides in guest houses rented near the SEZ, expat workers dwell in apartment complexes located within the SEZ. Their five-story residential building can be seen from outside the park as it is situated in the right corner of the SEZ adjacent to the Trans-African Highway running from Cairo (Egypt) to Cape Town (South Africa). The design of Hawassa SEZ incorporates dormitories. Ohno, the Japanese industrial expert who visited the expat's residential apartment after CCECC finished its construction, commented that such apartments may not be comfortable for people from his country (Ohno, 2017, p. 7). From my personal observation, as someone who lived around the SEZ for over a decade and is well aware of the local housing conditions, an expat apartment is a luxury. The compound is clean with carefully carved walkways from the residence to the manufacturing sheds and shopping malls. The green landscape is breathtaking, decorated with beautiful trees and trimmed grasses. During my fieldwork in the SEZ, I observed many locals recording music clips and taking wedding pictures inside industrial establishments (see picture 1 below).

Picture 1: Dormitory of expatriate workers

Source: picture taken by the field assistant

For expats, however, it is just a dormitory. Some even see it as a “fort” where they are locked in both from the city residents and their life back home. Yang is a 35-year-old operator in Zhungwa Garment. He joins his current company in late 2020. Since then, he has not visited his family back home. He told me how some of his typical months come and go as, “During intense manufacturing periods, we go a whole month without leaving the compound, commuting solely between the dorm and the shed—a really soaring experience”. Unlike locals, the dormitory regime also grants the company authority over the expats' non-working lives. The company's practice of retaining employees' passports and work experience has prevented them from seeking alternative employment. If they want to leave, they often use their one month of leave per year. They go to their family and never come back. Otherwise, they have to tolerate a sense of boredom and homesickness, which is similar to what Fei (2020b, 2021) reported among expatriates working in the Chinese construction and telecommunication sectors in Ethiopia. For expat operators, their park life is ‘a sacrifice they have to pay for a

brighter future in their home country. As a coping mechanism, expats keep online company via WeChat with their relatives back home and their friends working in other companies in Ethiopia and beyond. Some told me that they play games and participate in sports activities inside the compound during their spare time. Rather than their dormitory, expats are motivated by something else. They have a different wage system (they earn a salary in hard currency), which allows them to command higher wages compared to locals and serves as their main motivating factor. As one of the expatriate operators in Gang Apparel indicated:

> The company deposits our salary straight into our bank account, which our family members back home may access. They offer us a little local currency here so that we can survive. I came here because the salary here is a little bit higher than what I earned before (Interview with Expat-1, April 29, 2023, Hawassa).

Additionally, they have higher non-wage material benefits than their local counterparts (see Table 8 for a comparison between local and expat operators). The material support Chinese MNCs provide for their workers varies across companies and their worker categories. One similarity, and good practice, is that all Chinese MNCs provide health insurance to all of their workers, although the yearly amounts vary significantly, ranging from ETB 5,000 for operators to ETB 20,000 for semi-skilled and expatriate workers. Among the four case study companies, Xiang Garment stands out for its practice of providing health insurance that is directly linked to a bank, while other companies cover healthcare costs on a case-by-case basis.

A significantly higher wage disparity between Chinese and local operators is also common practice among Chinese companies operating in other African countries (for that matter, see Tang, 2010; Wethal, 2017). Management members with whom I had a conversation justified the differential wage system as a reward for their willingness to work hard and flexibly in more than one production line when locals are absent. Ailun, an expat management member in Zhuangwa Garment, noted:

> Due to the numerous social responsibilities they carry, some local operators frequently travel back and forth between their village and Hawassa. Local operators often request off days to attend to social issues. This is not the case for expatriates, who possess no such attachments to the local culture. Their families are across the river. When locals are absent, we utilize expatriate operators as substitutes across different production lines." (Ailun, 29 February 2023, Hawassa).

Table 4: Distribution of wages and incentives

Chinese companies	Average wage per month (USD)			Non-wage material support											
	Local workers		EX	Transport			Dormitory			Food (breakfast and lunch)			Health insurance		
	OP	SSW													
				OP	SW	EX	OP	SW	EX	OP	SW	EX	OP	SW	EX
Zhungwa Garment	24.37	88.00	500.00	No	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Chunghwa Textile	18.00	100.00	450.00	No	Yes	Yes	No	No	Yes	No	No	Yes	Yes	Yes	Yes
Xiang Garment	25.00	132.00	450.00	Yes	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Gang Apparel	18.00	145.00	450.00	Yes	Yes	Yes	No	No	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Note: OP = Operators, SSW = Semi-skilled workers, EX = Expatriates, USD = United States Dollar

Data source: Compiled by the researcher based on data collected from Chinese MNCS

Similarly, management members also point at expats' role in reproducing the local labor force through training. This exceptional role of expats made them very crucial, given that some Chinese MNCs have reported there is high turnover of local operators due to manifold factors. Mesay, a local management member of Chunghwa Textile, and Waseem, an expat management member of Gang Apparel, stated that expats play a crucial role in training local workers during the early periods of production and when new members join the company after the experienced leave. Xiang Garment is an exception to the rule where new operators joining the company were trained by locals. Tadesse, a local management member in Xiang Garment, explains how this happened:

> I joined this company as a line supervisor in 2017 when the company started its production. During those early days, I remember there were around 50 expatriates in our company, and all of the six top management members were expatriates. However, after five years, locals replaced almost all expatriates. Once expats trained locals, the company replaced them with locals and relocated them to other locations as needed. Our company currently employs no expat operators, and all new entrant operators receive training from trained local workers. Similarly, all management members, including me, except the CEO, are locals (key informant interview with Tadesse, February 25, 2023, Hawassa).

This nature of expatriates' replacement by locals through time goes against "the Chinese bring their own worker" narrative of most advocates of the neo-colonial school. Along this line, Tang Xiaoyang, after six years of fieldwork in nine African countries, concluded that the West criticizes the sudden influx of Chinese workers without considering the long-term trend of the Chinese business model of hiring large numbers of Chinese and African workers simultaneously, training African labourers on-site, and replacing Chinese with Africans (Tang, 2016; p. 108).

Another justification for wage disparity that comes from the management is the special role of expats in the maintenance of machineries. Chang and Caishen from Chunghwa Textile, Yihune and Wang from Gang Apparel, and Melat and Shong from Zhungwa Garment all noted in one way or another that expats play a crucial role in the maintenance of malfunctioning machinery. The wage disparity, despite management's excuses, has been a source of resentment for locals, especially operators in similar positions.

4.2. Semi-skilled workers and their optimism

Semi-skilled workers occupy a key functional position within the organizational hierarchy, situated between core management and local operators. This group includes 'jumpers' (experienced operators capable of operating all machines within a designated production line) or college graduates in fields including textile engineering, garment engineering, management,

business administration and logistics, among others. Their comprehensive skill set and professionalism enable them to seamlessly substitute for operators when necessary. Such attributes render semi-skilled workers more appealing to Chinese companies, even amid market volatility, compared to operators. Chinese companies directly hire semi-skilled workers by posting open calls in the newspaper or on their website for a relatively longer contract period, like expatriates. However, unlike expatriates, they do not live in dorms and earn their pay in a hard currency. In addition, semi-skilled workers receive higher salaries and material support compared to low-skilled operators. In Chinese companies operating in other labour-intensive sectors in Africa industries like construction and mining do not have a particular semi-skilled local workforce. These sectors have only expatriates and local operators (Fei, 2020a; Lee, 2009). In the textile and apparel industry, however, they are typically overlooked and categorized alongside either management or low-skilled workers, yet they represent a distinct group with unique experiences (see also Oya & Schaefer, 2023, p. 11; Brooks, 2010). Unlike operators who migrated from rural Ethiopia or expats from outside of Ethiopia, semi-skilled workers either live in Hawassa city or migrated to Hawassa from other urban areas in Ethiopia.

Their strategic location near top management and flexible schedule enable them to access additional training relevant to their job and enhance their communication skills, including learning Putonghua, thereby facilitating their ascent up the corporate ladder. During an interview conducted on 26 May 2023, Tsehay, a jumper in Zhungwa Garment, stated:

> My company has an agreement with a Chinese language expert working at Hawassa University for one year to teach us some basic Putonghua so we can easily communicate with top managers. Though my proficiency level is elementary, I can now communicate some basic stuff in Chinese.

The negotiating power of semi-skilled workers is evident in their ability to move between Chinese and other MNCs within the park whenever they perceive a better opportunity. Shimbra, a garment quality control staff member at Zhungwa Garment, has formerly worked

at a Sri Lankan company operating in the same park. When asked why she chose to leave her previous company, she replied:

> In my previous company, the salary was significantly lower than here. Beyond that, the managers treated me poorly, frequently raising their voices over minor issues. A friend informed me about the better working conditions at Zhungwa Garment, prompting me to submit my resume to the HR manager. I did it without a second thought. And Zhungwa Garment offered me a full-time job after evaluating my work experience. I receive dignified treatment here, and the compensation is significantly higher. After experiencing this difference, I advised my friends in my previous company to apply here, and now many of them have followed suit. I recall a time when the HR manager from my previous company confronted our current HR manager, frustrated by the exodus of his senior staff to Zhungwa Garment. (Shimbra, 25 May 2023, Hawassa).

In other circumstances, semi-skilled workers also leave Chinese companies when they believe that they did not get what they expected from the company. Lamrot's experience as a textile engineer at Chunghwa Textile best fits into this context. During her stay in the park, she worked back and forth between two companies, first at Chunghwa Textile and then at PVH, before finally returning to Chunghwa Textile. She narrates her employment journey between the two MNCs as follows:

> After graduating with a degree in textile engineering in 2017, I sought employment and discovered a job posting on the Ethio-Jobs website for Chunghwa Textile, which was hiring fresh graduates. I applied, received an offer, and began working. After approximately four years, I chose to apply for a different position in another company within the park after the HR manager denied my promotion requests—twice—for a role I believed I was qualified for based on my experience. Thus, I applied to PVH and accepted the offer in late 2020. PVH provided a better salary. When PVH subsequently ceased production in the park, I negotiated with the HR manager at Chunghwa Textile and returned to a role that I had previously with a better salary (Interview with Lamrot, 11 May 2023, Hawassa).

Semi-skilled workers use their agency to change their company not only when their company treats them badly but also to jump from a good to a better company. Seblewongel, a senior inbound logistics associate at Xiang Garment, has almost similar experience to Shimbra. The only difference Shimbra and Samrawit had is that the latter considered both her previous

company [PVH] and current company [Xiang Garment] good for her, with only a slight difference in working conditions.

> I began my career at PVH in 2019 as a junior export logistics associate. I was thrilled to get an offer from PVH, a top company among park workers. After a year at PVH, I applied for a senior export logistics associate position at Xiang Garment and received an offer letter. When PVH realized I was preparing to leave, they upgraded my position and improved my salary so that I remained until they ceased production in 2022. Subsequently, I joined Xiang Garment, maintaining a role similar to that at PVH. In truth, I have gained valuable experience from both companies." (Samrawit, 25 April 2023, Hawassa).

A few semi-skilled workers whose families are financially well-off have managed to leave the park altogether to start their own small businesses. In a phone interview conducted on 2 April 2023, a former Chinese company staff member stated how his experience in the company helped him establish his own enterprise:

> With my education in garment manufacturing and relevant work experience, I secured a position as a 'Jumper' at KGG Garments [a Chinese company that left the park following the COVID-19 crisis] in 2016, earning a monthly salary of ETB 7,000 [USD 320.6, based on the average exchange rate in 2016]. After several years of employment and gaining vital experience, I approached my brother, a technical and vocational college instructor in a related field, to co-found a suit manufacturing enterprise tailored for the local market. He agreed, and we pooled our limited resources, securing additional start-up funding from family members. Thankfully, our enterprise is thriving today.

A few semi-skilled workers interviewed muttered about their dissatisfactions. Their dissatisfaction varies between companies on the mainland and in Hong Kong. Those working in companies from the mainland worried about their limited chance to replace expat management due to language and other barriers. On the other hand, those in Hong Kong-based companies who have already started assuming management positions complain about the absence of genuine decision-making power and the trickling of benefits attached to the position. Regardless of minor dissatisfactions, however, most semi-skilled local staff interviewed were positive about their working conditions in Chinese MNCs.

Picture 2: Group-discussion with semi-skilled workers

Source: picture taken by the field assistant

4.3. Operators and their bitterness

The Ethiopian Industrial Park Development Corporation through its office known as the "Grading Center", plays key roles in recruiting operators based on requests and specifications from Chinese companies. Up on receiving requests, the Grading Canter approaches rural women through its branch offices in surrounding rural districts, convinces them through preaching about the good life that they will have if they join the park and then handovers them to Chinese MNCs. Then, Chinese MNCs give them training, ranging from one to three months, before deploying them across manufacturing lines. Unlike the semi-skilled workers and expats, where male workers are dominant, operators are mainly rural women with neither a college degree nor previous working experience in industry. These features, coupled with few

employment opportunities in the rural agricultural sector and weak labour union in the Hawassa SEZ leave them with fragile bargaining power. Operators quickly became aware of the discrepancy between their lived reality and what the state had promised them. Workers recalled the contradiction as follows in one of the focus group discussions:

> Government officials visited our community and conveyed the promising opportunities that awaited us if we chose to work in the park. They assured us of dormitory accommodations, free meals, transportation, and a minimum salary of ETB 2,500 per month. However, we later realized that we had been misled. We received less than half of the promised salary, and we are required to find and rent accommodations with our meagre earnings." (FGD with Gang Apparel Workers, 28 May 2023, Hawassa).

Their contracts are often tenuous, spanning merely a year, with the looming threat of unexpected termination based on company performance, their productivity and personal relationship with their line supervisor. Moreover, all interviewed operators reported that their salaries are insufficient to cover their fundamental needs. Payroll statistics from companies indicate that the basic monthly salaries of local operators, excluding additional incentives, range from ETB 1,400.00 (USD 24.90) at Xiang Garment to ETB 1,000.00 (USD 18.00) at Gang Apparel and Chunghwa Textile (see Table 3 for salary and incentive distribution among workers and companies). These wages are among the lowest documented in the global textile and apparel value chain (Fleck, 2022). Without exaggeration, their salaries scarcely afford them a couple of dinners in decent hotels in Ethiopia, a country currently grappling with the fifth-highest inflation rate (32%) in Africa as of 2023[8] (Okafor, 2023).

[8] From my fieldwork up to finishing the writing of this thesis, ETB has depreciated against the USD. When I entered the field on 17 October 2022 1 USD equals ETB 52.91, when I leave the field on 17 August 2023, 1 USD equalled ETB 55.17, and when I finishing writing the final draft on 6 May 2025, surprisingly 1USD equalled ETB 131.22 (Wise currency convertor: https://wise.com/gb/currency-converter/usd-to-etb-rate/history/06-05-2025).

Operators have also voiced their dissatisfaction concerning their workloads and the meagre overtime payments. An experienced operator at Gang Apparel recounted her daily work experience:

> It has been five years since I began working at this company. From Monday to Sunday, I arrive at work by 7:15 AM and leave at 5 PM. My hourly target is to sew pockets into 180 pairs of pants. During intense customer demand, we are expected to work all night for only ETB 7 [USD 0.12] in overtime pay per hour. This job is one of hardship, and unfortunately, we lack alternatives to quit (Almaz, 18 May 2023).

During times of external shocks, operators are the main victims of downsizing. For example, after the AGOA crises, Gang Apparel immediately fired 600 employees, one-third of its workforce, and all of them were operators (interview with management member; see also Okafor, 2023).

Picture 3: Group discussion with low-skilled operators

Source: picture taken by the field assistant

In one of FGDs, I learned that the workers association was established seven months ago, though it has now been seven years since the establishment of the park. According to workers, their association is not only young but also dysfunctional. One of the workers representatives in Xiang Garment noted, “As a member of the new association, I attended four meetings. In all those meetings, I've echoed the voice of workers for a salary increase, but I've not received a satisfactory response from the association's (Mediant, 4 April 2023, Hawassa). Factors embedded in their background, including their limited skill in manufacturing and lower-level education, have also played their part in creating poor working conditions for operators.

At this juncture, I asked operators: “Why do you decided to stay despite these all challenges you told me?”, they responded differently. Damenech from Gang Apparel replayed “I have nothing to do in the village. I feel that I become burden on my parents if I go back. Here at least I am studying accounting degree in Rift Valley University during weekend evenings,” Mulu from Zhungwa Garment asked me back “How could I return to my parents with empty hands?”, and Tigist from Chunghwa Textile hopelessly mattered “If it was not for my daughter, I would have left long time ago” and Birtukan from Xiang Garment told me that she is searching for other job opportunities outside the SEZ. Operators are caught between lack of lack of viable livelihood options in their home village and a fear of judgement from the local community if they return without any progress in their life. Thus, initially, local operators do their best to cope with their park life. One of their coping mechanisms involves renting shanty rooms in the suburb villages of Hawassa city, primarily Chefe and Datto, which are located an hour and a half away from the park. Villagers here rent shanty rooms for ETB 800-1500, which is about their monthly wage; therefore, they share among three or four. In the afternoon of June 26, 2023, I travelled with Tigist and Kassech, operators from Chunghwa Textile to

observe their residential places located in chafe village located at aged of Hawassa city. It took us half an hour to rich their village riding Bajaj[9]. Tigist and Kassech told me their company provide transportation only in the morning thus they have to walk for an hour after hectic workday or pay ETB 20 birr for Bajaj every working day which they can't afford. The village is full of informal shanty rooms. Almost every household in the village with open space in their compound have at least one shanty room. Villagers told me that their village is formed as a buffer zone for residents who are tired of rising housing rent in the city, thus running to the city corners to buy lands informally from farmers and then construct sub-standard houses to live in thereby get relief from raising flat prices in the city. After the construction of Hawassa SEZ, informal construction of shanty rooms has further intensified to accommodate operators migrating from rural villages to work in the SEZ. zone construction these rooms are May (see picture-2 below).

Picture-4: Shanty rooms of low-skilled operators

Source: Picture taken by the researcher

[9] The Bajaj (named after its manufacturer company) is a popular three-wheeler imported from India and used for passenger transport in Hawassa.

The other coping strategy is asking their peasant parents back at the village to send them food and money. Nearly all local operators interviewed, and group participants indicated that parents assist them with money and food (the perspectives of their parents are discussed in the next chapter). During a group discussion with Shibire and Abaynesh, two sister operators working at Gang Apparel, they shared that they routinely travel to their parents' village every fortnight to acquire food supplies and small amounts of money to support their stay in the park.

The experiences of Shibire and Abaynesh in the 21st century can be compared with those of late-20th century Dong, a rural migrant worker in the Shenzhen Special Economic Zone who also endures hardship. However, Dong stands apart in one aspect: she was able to accumulate her earnings and witness the joy on her dad's face when she presents him with a yearly gift of two thousand Yuan upon her return to visit him (for Dong's story, see Ngai, 2004; p. 31). Marx (1978), in his critique of early capitalism, asserted that the cost of a factory worker's basic necessities determines their wage, but in the context of Hawassa SEZ, operators struggle to meet basic needs.

When all else fails, operators often abandon park life as participation in the informal sectors such as domestic work, agriculture, and other informal business bring comparable wages with shorter working hours and improved conditions. This goes along the perspective of state and Chinese MNCs representatives that reported labour turnover as their major problem. Labour turnover in industrial parks is also on the rise nationwide. Blattman and Dercon (2017) found that approximately 77% of Ethiopian garment workers voluntarily terminated their employment within a year, opting instead to engage in agricultural or informal labour. Similarly, Tesfaw (2023, p.105) has also reported employee turnover as a critical challenge for industrial parks in Ethiopia.

4.4. An Integrated Workplace Regime Framework

Oya and Schaefer (2023) posit that a specific labour regime exists within Ethiopia's industrial parks for light manufacturing, particularly among foreign-owned apparel firms integrated into Global Production Networks (GPNs). They characterize this labour regime as one marked by stringent labour control and low wages, which results in worker resistance due to challenging working conditions. According to their analysis, these contested environments are influenced by a combination of GPN-driven labor practices and local factors, particularly the distance from the capital, Addis Ababa (pp. 11-12). I agree with Oya and Schaefer's assertions regarding labor contentions in Ethiopian industrial parks and their contributing factors; however, my findings diverge in proposing that a single labor regime does not encapsulate the entirety of their experiences. Rather, I would argue that there exists a trilogy of workplace regimes, one for each worker category. These workplace regimes are not given but are made up of an interplay between the workers' backgrounds, the historical contexts of their companies, and both national and transnational institutional frameworks.

The first is the dormitory regime of expatriates. This workplace regime simultaneously fosters economic empowerment and social exclusion for expatriates. China's historical industrialization trajectory deeply roots dormitory regimes, which are not a new feature in the globalization of Chinese capital (Pun, 2004). The effectiveness of dormitory regimes in providing competitive and flexible production conditions, despite being exploitative, made them an ideal workplace regime during China's industrial take-off and its integration into the world economy (Pun and Yu, 2008). Scholars have also reported the existence of dormitory regimes in other Chinese companies operating in Ethiopia (Driessen, 2021; Fei, 2020a; Fei, 2023b) and other African countries (Lee, 2009; Oya and Schaefer, 2023). In the context of Hawassa SEZ, it is essential to note that, unlike the dormitory regime in China, which houses all workers and pays them in local currency (Pun and Yu, 2008: 112), the dormitory regime in Hawassa only houses expats and pays them in hard currency.

The second workplace regime, as I call it, is the "negotiated autonomy" of semi-skilled local workers. This workplace regime has enabled the establishment of a relatively stable work environment and an optimistic outlook for semi-skilled local workers. The power embedded in their credentials, their previous working experience in factory establishments, their knowledge of operating in a production line from beginning to finish, and, more importantly, their crucial role in reproducing and replacing operators gave them a core worker status with the ability to negotiate over their working conditions. And I have opted to employ Burawoy's concept of autocratic despotism to characterize the workplace regime of low-skilled local operators, resulting in their widespread dissatisfaction (Burawoy, 1985, p. 149). Fragile contracts, wages that fall short of basic needs, and a coercive environment characterize this regime. The interplay of numerous complex factors reproduces the autocratic-despotic workplace regime of operators. The state's failure to set a minimum living wage for textile and garment workers and establish a strong workers' association contributed to local operator exploitation, in addition to the profit maximization motive of their companies.

Scholars proposed different conceptual frameworks to study workplace regimes in Chinese companies operating in Africa. Fei (2020b), for example, proposes a variegated work regime (VWR) framework that contends for the integration of three perspectives: path-dependent, processual, and relational. The path-dependent perspective traces the institutional, organizational, social, and cultural origins of companies in their home country (i.e., China) to better understand their overseas strategies. The processual perspective regards Chinese companies as active social actors that continually adapt to the evolving institutional and business contexts in the host country (i.e., Ethiopia). Meanwhile, the relational perspective emphasizes the role of worker agency in shaping workplace regimes, which subsequently impacts their experiences (Fei, 2020b, p. 8). Inspired by Fei's (2020b) framework of variegated work regimes, Oya and Schaefer's labor regime framework (2023, p. 3) has also incorporated

various institutional determinants that affect wage disparities at the host country, sector, firm, and worker levels.

These frameworks provide valuable perspectives for analysing the institutional forces embedded in workers' backgrounds as well as their home and host countries. However, these frameworks offer limited insight into the influence of institutional forces originating from importing countries. This limitation partly arises from their case study: Chinese companies are not export-oriented. In contrast, my case study Chinese MNCs do not cater to Ethiopia's local market or the Chinese market, but rather to Western markets, particularly the United States, leveraging Ethiopia's duty-free access through the AGOA scheme. This unique feature made case study companies and their workers vulnerable to the US's decision to list and delist Ethiopia from the beneficiary list. Such vulnerability to the dynamics of institutional forces is also a feature of many China-associated, export-oriented SEZs in Ethiopia and other African countries. Therefore, in what I chose to call an Integrated Workplace Regime Framework, I argue that in addition to Chinese MNCs and their workers as active development actors, workplace regimes in Chinese MNCs operating in Hawassa SEZ are shaped by institutional forces—referred to by Burawoy (1985) as the political apparatuses of production— arising from the host country (Ethiopia), the home country (China), and the importing country (the US).

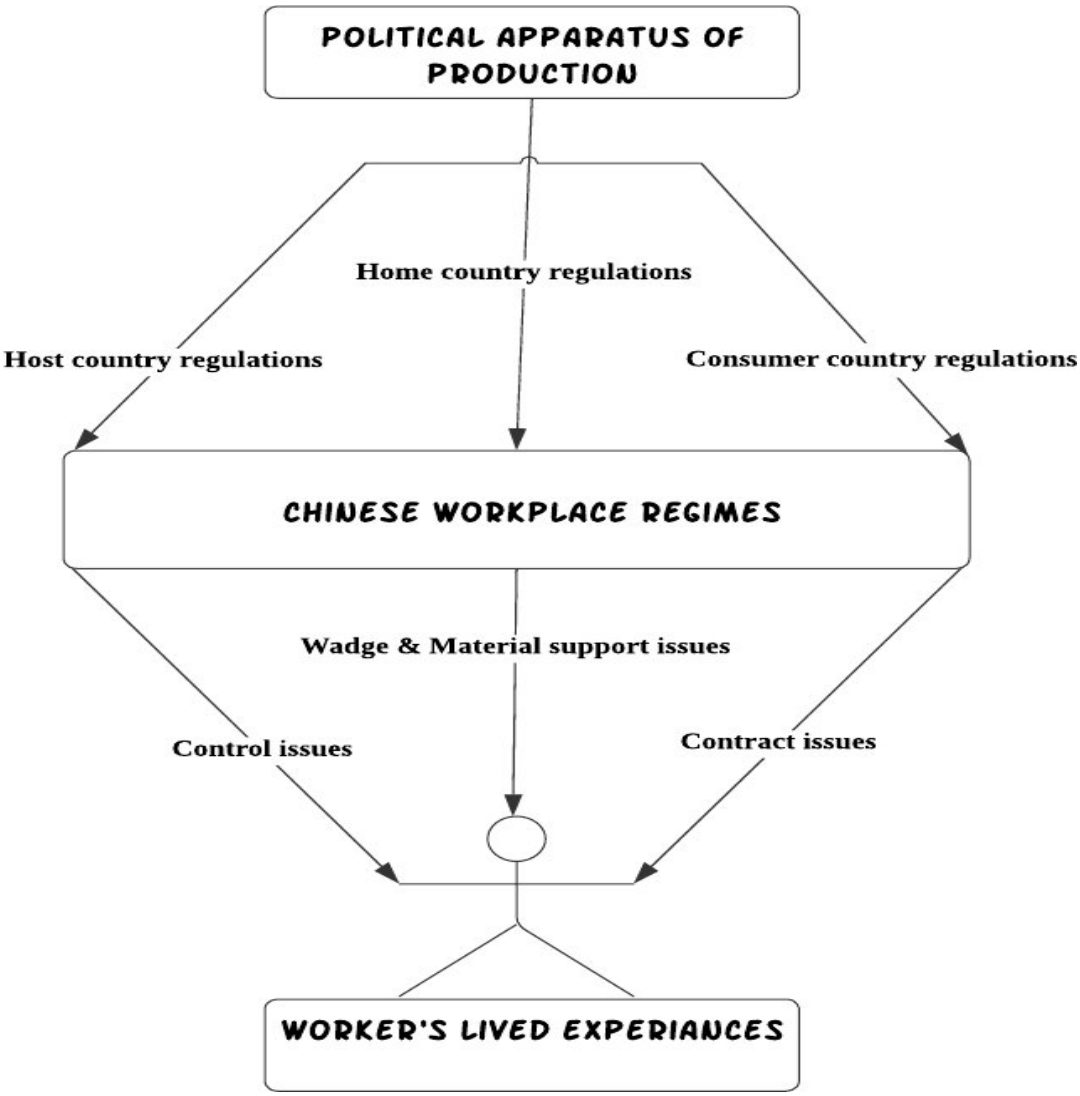
Chinese companies have directly exported their dormitory workplace regime to the Ethiopian Hawassa Industrial Park, implementing it for their expatriate workforce. Furthermore, differences at the sub-national level among Chinese firms have impacted workers variably through localization. For example, firms based in Hong Kong, such as Gang Apparel and Xiang Garment, have replaced the majority of management positions with local staff, whereas companies based in the mainland, like Zhungwa Garment and Chunghwa Textile, have retained

expatriates in key management roles. This distinction has created opportunities for local skilled staff in Hong Kong-based firms to assume decision-making roles, despite rumours that the position of general manager—which purportedly possesses 'real' decision-making authority—has consistently been reserved for expatriates.

As a host nation, Ethiopia has also influenced the workplace regimes in Chinese firms by implementing certain regulations while exercising restraint in others. Ethiopia's labor and investment legislative frameworks (FDRE, 2019; FDRE, 2020) restrict expatriates to a maximum of 2% of the total workforce, thereby achieving its objective of minimizing foreign employment. This regulatory environment sets Ethiopia apart from other African nations where similar Chinese enterprises operate without such restrictions (Ofosu and Sarpong, 2022). Nevertheless, Ethiopia’s absence of a national minimum wage and lack of social insurance infrastructure have perpetuated the ‘autocratic despotic’ regime affecting local operators.

As a principal importer of apparel, the United States, through its unilateral trade agreement (AGOA), has played a significant role in shaping the lived experiences of workers in Chinese MNCs within the Hawassa Industrial Park. AGOA has performed a dual function: initially attracting Chinese companies and expatriates to the park, it later compelled many Chinese firms to withdraw their production bases and lay off employees.

Figure 2: An Integrated Workplace Regime Framework



Source: The researcher

5. Community Perspective: Stories of Development and Displacement

Hawassa SEZ is located in the suburbs of Hawassa city. The Trans-African Highway, stretching from Cairo to Cape Town, separates the park from the main city. On the left and right, it shares borders with Adare Health Center and Hawassa University. The back side of the park used to be agricultural land, but following the SEZ's construction, it started to change into a residential area. I observed the construction of a few houses at the back, most of which are empty, not yet developed into a residential area. Its location at the corner of the city and the nature of the manufacturing activity inside the SEZ link Chinese MNCs with both urban communities of the Hawassa city and rural communities of the Sidama Regional State, which are engaged in different economic activities. The inhabitants of the city were primarily engaged in non-capitalist economic activities, which include self-employed small businesses, government employment, and sectors such as hospitality and tourism, as well as various religious and faith-based practices. The city mainly supplies semi-skilled workers to Chinese companies. Less developed villages at the backyard of the park serve as a buffer zone for low-skilled operators seeking to escape exploitation within the capitalist economic system of the park and the stagnating rural agrarian economy. The rural community, on the other hand, was primarily engaged in subsistence primitive agricultural activities. The rural community supplies Chinese MNCs with most of its workforce, which is mainly low-skilled young rural women.

Local communities are among the primary actors in the context of my research. They have been long-term observers of the practices within the SEZ in general and of Chinese MNCs in particular since the construction phase. However, their perspectives are often overlooked by

researchers who subsume their context-specific viewpoints within national and continental surveys (see, for example, McCauley et al., 2022; Hanusch, 2012). Against this backdrop, in this chapter I have tried to incorporate their perspective while analysing development implications of Chinese MNCs. While workers' perspectives mainly focused on their views on their working conditions, community perspectives are gathered on a range of aspects, including the consequence of the park construction on their day-to-day life, their views on working conditions, and their linkage with the capitalistic park economy.

I began my fieldwork with community members by conducting casual conversations with residents around the park. However, I quickly learned that most of the residents I spoke with had limited knowledge or insights regarding the SEZ and the practices of Chinese MNCs. Abera, a retired community elder, shared his perspective:

> I have been here since the beginning of the park's [a proxy for Chinese MNCs] construction. It has been more than seven years since I started seeing our daughters coming in and out every day. However, I don't know what they are doing there. People say that the company produces clothes, but I have never seen any of their products.

Similarly, Serkalem, another retired public servant, recounted her experiences during my interview with her on May 15, 2023. Unlike Abera, she referred to her few encounters with products from the park: "During the COVID period, I bought face masks that were said to have been produced by companies in the park. Beyond that, I have never seen or purchased any product coming out of the park." This lack of engagement could be attributed to the minimal interaction between these Chinese MNCs and the local community, as these companies neither source their production inputs (e.g., textiles) from local suppliers nor produce for local consumption. Due to the similar responses from other participants with whom I conversed; I decided to move away from randomly selecting participants based solely on their proximity to the park. Instead, I began to search for specific instances of interaction between community

members and the Chinese companies, purposefully selecting individuals who had experiences related to those interactions. My participants include farmers whose land the park occupies, land lords who have rented their rooms to workers, family members and relatives of workers, small business owners who provide food to factory workers, park security personnel who observe the day-to-day activities of workers, health professionals who offer health-related services to workers, university staff who participated in staff externships, and students who engaged in internships, among others. Their perspectives are varied, complex, and sometimes contradictory, reflecting their diverse experiences. Below, I will present these perspectives in detail.

5.1. Our Land Seized: A tale of displacement

The government cleared approximately 300 acres of land, previously used for agricultural purposes, for the construction of the park by the China Civil Engineering Construction Corporation (CCECC). This clearing process also involved relocating farmers to other areas. Community members whose land was appropriated for the SEZ construction expressed concerns about their displacement from farmland and the lack of adequate or fair compensation. Shibiru, an adult farmer currently residing in Daka village, recalls how he lost his land during the construction phase of the park:

> What you now call the SEZ was our farmland. I had 1 acre of land that I used to cultivate to feed my family. But I was forced to leave my land without adequate compensation in monetary form or other incentives (Shibiru, 10 May 2023, Daka, Hawassa).

During an interview with Teqamo, a former village leader from Chafe village, conducted on April 29, 2023, he mentioned that some self-sufficient farmers who were displaced had become beneficiaries of the SafetyNet program due to the inadequacy of their remaining land to sustain their families. Additionally, one of the security personnel at the SEZ claimed that his land was

taken without proper compensation and now he ends up being “watcher” at the main gate of the establishment.

5.2. Our Village Transformed: A story of development

Contrary to the farmers whose land was taken for the construction of the SEZ, other community members praise the park’s positive impact on their lives. They benefit indirectly from the unintended schemes and effects associated with the park. Community members whose perspectives fall into this category mainly include landlords and small business owners. Landlords benefit from a loan scheme initiated by the state, which aims to address dormitory issues faced by operators. The core idea of the scheme involves the state providing low-interest loans to residents around the park who own extra land and wish to build rooms in their residential compounds but lack the financial means to do so. After receiving the loan, beneficiaries agree to rent the newly constructed rooms at a reduced rate to operators until they repay their loans. Tefera and Yeabu, a husband and wife, are among the beneficiaries of this loan scheme and recall how it helped them build additional rooms and earn extra income.

> Omo Microfinance Institution [now Omo Bank] provided us with a loan of ETB 100,000 at an interest rate of 13.5% to construct three 12-square-meter rooms and rent them to migrant workers who come to Hawassa from rural areas. Our agreement with Omo is to rent each room for ETB 1,000 per month, accommodating four factory workers who each contribute ETB 250. The agreement was for five years. Now that the five years have passed, we have paid off our debts. According to the agreement, we are under no obligation to continue renting cheaply to factory workers, so we now rent each room for ETB 1,500 to other government employees" (Tefera and Yeabu, FGD, 3 July 2023, Daka, Hawassa).

Kifle and Fikir are other landlords reflecting on the positive transformation brought about by the park's construction in their vicinity. Unlike Tefera and Yeabu, they are not beneficiaries of the loan scheme provided by Omo Microfinance Institution. They own three rooms that they rented out before the park was constructed. They note that the park has significantly increased the market value of their rooms, particularly after an influx of workers following the completion of the park by the China Civil Engineering Construction Corporation:

> Before this park was constructed, we rented one room for less than ETB 500. Now, the demand has skyrocketed, especially with so many workers coming to our village. We are now able to rent rooms for four times the price we charged before the park was built" (Kifle & Fikir, FGD discussants, July 3, 2023, Daka, Hawassa).

Supporting this finding, a study by Melka and Berhanu (2023) has reported that the establishment of Hawassa SEZ has intensified informal land transaction in Dato, Chefe and Tilite villages due to the flow a significant amount of migrant low-skilled operators to these peri-urban villages in search of affordable housing. Small-scale business owners around the park have also reported a positive transformation in their businesses after its construction. Shitu sells fast food to factory workers from her small food stall located at the park's gate. During a conversation with her on July 15, 2023, while sipping her local coffee (ye jebena buna), I asked her, "How is your business going?" She replied with a smile on her face:

> Thanks to God! These days are good. I have been in this business for five years now. During the first three years, before the park, I couldn't make more than ETB 300 a day because my customer base was very small. Now, I have hundreds of factory workers as customers. I often make ETB 1,000 a day, and on some good days, my income even reaches ETB 2,000.

The development narrative of small-business owners and landlords are also supported by other researchers. Gebremariam and Feyisa (2019), for instance, noted that local communities are benefited from business and house renting opportunities created due to the establishment of his three case study parks, including Hawassa SEZ, in Ethiopia.

5.3. My daughters are getting thinner

Family members of operators have expressed concerns regarding the working conditions of their relatives employed by Chinese multinational corporations (MNCs). On June 18, 2023, I conducted a brief trip to rural villages to gather insights on how family members perceive the working conditions of their relatives in these companies. This field trip was conducted with operators whom I previously interviewed within the park. Group discussions with family members of operators corroborated the support that operators receive from their families, as

noted in the previous chapter. For instance, during a discussion with the family members of Shibire and Abaynesh, two female operators employed at Gang Apparel, Dawit, their brother, reflected on his sisters' working conditions:

> My two sisters have been working at the park for almost five years now. There are no benefits at all. The money they receive barely covers their housing expenses. My mother sends them food and money to cover their weekend college fees. We expect them to help us, but we are actually helping them to survive. I can show you numerous houses in my village where parents have forced their daughters to leave the park and return home. My mother went bankrupt trying to assist my sisters in the city. They have no alternative employment options in our village, which is the only reason they are suffering in the city" (Dawit, focus group discussion, 18 June 2023, Yirba village, Boricha District, Sidama).

Picture 5: FGD with workers' families

Source: picture taken by my field assistant

These concealed familial networks' expenses directly benefit companies as Pun (2004; p. 30) argues. In the same group discussion, the mother of the two daughters expressed her concerns regarding her daughters' working conditions in her native Sidama tongue: *"Kuni loosi oosso*

shaalaadaassionna aaguuriitonna," which translates to "My daughters are getting thinner; this job is bad for them." In a subsequent visit to a nearby rural village named Arbeguna on July 10, 2023, a brother of an operator working at Xiang Garment remarked:

> I don't consider my sister a worker in the company; I see her as a student in college. She always asks me for money, so I regularly send her money whenever she needs assistance" (Interview with Dogiso, 10 July 2023, Arbeguna).

The reflections of the families of operators in Hawassa city also confirm what families in the rural villages report. Eyerusalm, a resident of Hawassa city, hosted her younger sister, who had previously worked for one of the Chinese MNCs in the park. She explains why domestic work in Hawassa is preferable to her sister's position as an operator:

> I had been advising her to leave the park because her salary is very low, comparable to that of domestic workers in Hawassa. However, domestic workers, unlike her, do not worry about transportation, housing rent, food, or school fees, as these costs are covered by their employers. Eventually, she left the company without securing another job" (Eyerusalem, group discussion with family members, November 21, 2022, Hawassa).

Similarly, in a group discussion with landlords—those who rent their houses to operators—participants commented on the struggles operators face to survive, particularly during the early days of the park's operations:

> When they [operators] first arrived, they had no beds, no cooking utensils, and no money to buy food. One night, I visited their room and found them sleeping on the cold cement floor after having roasted barley for dinner. What I saw touched my heart, and I gave them a mat to sleep on. Two of them left the company immediately and returned to their rural parents before the end of their first month of arrival, while the other two left our room and travelled to the outskirts of the city in search of cheaper housing and another chance at life. What I witnessed was disheartening!" (Kake, focus group discussion, 3 July 2023, Daka, Hawassa).

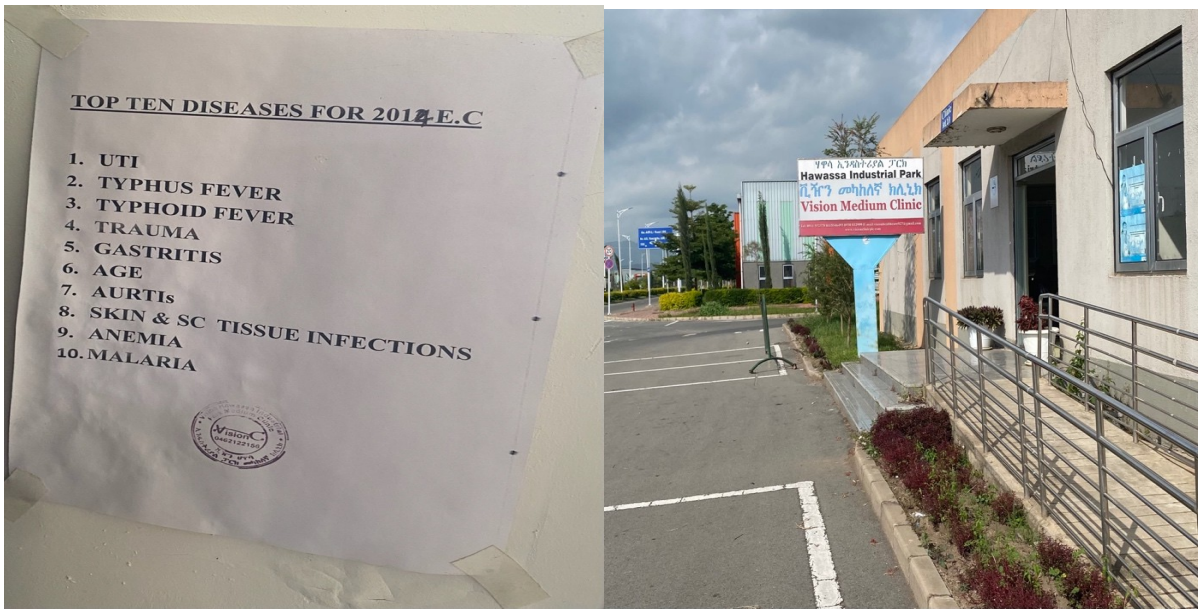
Excerpts from an interview with park security personnel also illuminate the harsh working conditions faced by operators. Kassa, a park security staff member for three years, compared his working conditions to those of the operators:

> The salaries we earn are minimal; however, I have time freedom. I can eat and visit my family. If I work during the day, I can rest at night, handing over to my

> colleagues, and vice versa. These workers, however, have no time even to collect their salaries; they work for an entire month. When they finish work, it's already dark, and the bank is closed. If they attempt to find a bank at the park gate to withdraw money, they risk missing the bus, forced to cover transport costs either from their minimal wages or by walking for at least an hour to their rented rooms on the outskirts of the city (Interview with Kassa, June 4, 2023, Hawassa).

The final evidence concerning the poor working and living conditions of operators comes from careful observation and professional evaluation of the health issues that operators encounter. According to data provided by Vision Medium Clinic, a health insurance service for workers in Chinese MNCs, the top four ailments affecting operators include urinary tract infections (UTIs), typhus fever, typhoid fever, and trauma or an emotional response to a stressful event (see Picture 3 for the complete list). The clinic's manager interprets these ailments as being primarily caused by poor living conditions, a lack of hygiene in food consumption, and a stressful work environment, among other factors (Interview with Briahnu, April 9, 2023, Daka, Hawassa). Along the latter, quantitative studies conducted in the park have reported a prevalence of high work-related stress and anxiety among randomly selected employees, particularly female operators (Kefelew et al., 2023; Sime et al., 2022).

Picture 6: Top 10 Hawassa SEZ workers' ailments in 2014 Ethiopian Calander



Source: Vision Medium Clinic at Hawassa SEZ

Though the narrative of operators' exploitation is the dominant, it is not the only narrative. I have also heard positive stories from a few family members of semi-skilled workers and their renters. Next door to Kake, Kifle & Fakir, a husband and wife, rented their two rooms for two currently active semi-skilled workers in Gang Apparel. Their description about the living conditions of their tenants is contrary to what Tefera has described. They describe

> It has been two years snice Melkamu and Mame rented our rooms. The have a good character. They pay us rent on time. During those years, I have not observed anything bad about their living conditions (Kifle & Fikir, FGD discussants, July 3, 2023, Daka, Hawassa).

Serkalem is a retired single mother. Her daughter, Seblewongel, joined Xiang Garment in 2022 as a semi-skilled worker. When asked about her perspective on the working condition of her daughter, she replied:

> Before working at the park, she lived in Addis Ababa, employed by a local company. During that time, we rarely saw each other due to the distance. I often wanted to visit her but faced financial and health challenges as a retiree. When she accepted her current job, I was overjoyed—she now lives nearby, supports me financially, and her employer covers health insurance I use as her dependent. This has been vital, as I rely solely on her assistance (Serkalem, a mother of skilled worker, 15 May 2023; Hawassa).

5.4. Limited linkage and promising indirect spillovers

Linkages between the capitalistic park economy (i.e. Chinese MNCs) and the domestic economy (sub-contractors and distributors) is imperative to maximise developmental spillovers. Conceptually, when Chinese MNCs outsource from a local suppliers it becomes a backward linkage and when they outsource their garment products to domestic franchises to distribute their apparels for local consumption it becomes forward linkage. Backward linkages and technological spillovers are mainly dependent on the availability of local sub-contractors that able to (have the potential to) meet MNCs standards and seize the business opportunity provided by Chinese MNCs. Additionally, the existence of MNCs corporate strategy conducive to development of competitive local supplier/franchise, and the existence and efficiency of supporting public policies are important to rip the benefits of backward linkage (see also Altenburg, 2000). Developmental spillovers can also be approached from two perspectives: direct spillovers created through backward and forward linkages and indirect spillovers through human capacity development (for more on these concepts see also Altenburg, 2000; Hirschman, 1958).

Compared to the automative and electronic sector, the apparel sector has the most widespread history of subcontracting arrangement and a limited entry barriers for local companies especially in assembly operations (Altenburg, 2000; p. 22). However, fieldwork with the local community indicates that there is limited direct linkage—such as sourcing inputs from local suppliers (i.e., backward linkages) or distributing garments through MNCs for local

consumption (i.e., forward linkages)— between Chinese and local companies. Rather indirect spillovers through human capacity development are proving to be more promising. In addition to the training provided to workers at various scales, local community members, particularly those from Hawassa University, have reported significant benefits from their partnerships with Chinese MNCs. Addisalem, a professor at Hawassa University (HU), elaborates on the HU-Hawassa SEZ (HIP) linkage based on her experience leading the university's office of university-industry linkage. She states:

> Previously, I served as the Vice President for Research and Technology Transfer at Hawassa University. From my experience, I know that there is still active collaboration between the park and our university, guided by a memorandum of understanding. This university-park collaboration primarily focuses on three areas: student internships, staff externships, and research incorporating various themes with university staff. Chinese MNCs are among the few firms to which we send our staff and students. I myself underwent a staff externship for two months at Xiang Garment, during which I gained practical skills" (Addisalem, 18 June 2022, Hawassa University).

Students participating in internships at the park primarily come from the Garment and Textile Engineering Department of the university. There are two types of internships: on-the-job training for graduates, also known as graduate internships, and internships for students to fulfil course requirements for a semester. Serawit, a fifth-year undergraduate student in Garment Engineering at Hawassa University, was sent to Zhungwa Garment by his department as an intern in the second semester of his fourth year, allowing him to gain practical experience. He recalls his time at the company:

> Before joining Zhungwa Garment as an intern, my exposure to practical knowledge was severely limited, as our campus laboratory is small and equipped with limited resources. I had never even seen a single garment machine before. My internship experience significantly enhanced my practical skills. During my four-month stay at Zhungwa, I had the opportunity to observe the manufacturing process across all departments, ranging from cutting to storing finished apparel. This rotation through various departments allowed me to comprehend the entire process from start to finish" (Interview with Serawit, 31 June 2022, Hawassa).

In summary, in this chapter, I tried to explore the development implications of Chinese multinational corporations (MNCs) from the perspectives of local communities, which are often overlooked yet play an important role in the social field. Fieldwork with community members revealed that many community members had limited knowledge about the park and Chinese MNCs, largely due to a lack of interaction, minimal local sourcing of inputs, and absence of products intended for local consumption. Interviews and focus group discussions with a diverse array of community members who engage with the park and Chinese MNCs revealed two contrasting outcomes: on one hand, land loss, displacement, and poor working conditions for operators; on the other hand, contentment stemming from emerging economic opportunities and potential indirect spillovers. The construction of the park resulted in the appropriation of around 300 acres of agricultural land, displacing local farmers without adequate compensation and exacerbating their vulnerabilities. Accounts from displaced farmers illustrate the economic hardships faced by those who lost their land, as many have turned to programs like the SafetyNet to cope. At the same time, familial concerns regarding the working conditions of employees at the park were evident; many family members reported financial struggles as workers' low wages barely covered living expenses. In contrast, some residents, such as landlords and small business owners, reported positive changes in their financial situations due to the influx of workers into the area. They experienced increased demand for housing and services, thus highlighting the mixed impact of the park on the local economy.

Overall, the research presents a comprehensive overview of the complex relationship between the local community and Chinese MNCs, illustrating both the challenges and opportunities that

arise from their operations. The complexity of the local perspective makes it difficult to categorize them into competing theoretical traditions.

6. Actors' Interface, and the Emergence of Contested Local Development

In the preceding Chapters, I have attempted to demonstrate the development implications of the Chinese MNCs, and the Hawassa SEZ at large, that they mean different things to different actors. For the Ethiopian state, Hawassa SEZ is particularly a success story that Ethiopians and leaders and citizens of other African countries should visit. Indeed, African leaders have already started visiting Hawassa SEZ during their official visits to Ethiopia. For instance, led by Ethiopia's Prime Minister Abiy Ahmed, Eritrean President Isaias Afwerki on 15th July 2018, Kenya's former President Uhuru Kenyatta on 1st March 2019, Rwandan President Paul Kagame on 25th May 2018, and Somaliland's President Muse Bihi Abdi on 19th January 2022 among others have visited Hawassa SEZ (New Business Ethiopia, 2019; Somaliland Standard, 2019 & 2022; Xinhua, 2018). For media, as shown in the introductory Chapter section, Hawassa SEZ is either a thriving hub of economic activities or a development project that struggles to survive. Data from my fieldwork with different actor categories, however, indicates that the local development implication of Ethiopia's experiment is contested, displaying three contradictory features: improved infrastructure with limited local consultation, high workforce localization with constrained capabilities, and export surges with limited local content. While I choose to use the concept of *contested development*, I do not intend it as an excuse to avoid writing something meaningful. Instead, I want to show how different actors perceive the effects

of the Chinese MNCs on development differently, which leads to complex outcome hat polarized theories of neo-Marxism and Sino-neoliberalism discussed in Chapter three cannot fully explain it. In this chapter, I first discuss the three features of contested local development outcomes and then explain how the interface between agency and structure has shaped them.

6.1. Contested local development outcomes

The first feature of contested development implications of the Chinese MNCs is the co-existence of improved infrastructure with limited local consultation. Ohno, a Japanese visitor to Hawassa SEZ park during its early manufacturing period, reported his impression of the SEZ's infrastructure as "In certain aspects, the Hawassa SEZ model is more advanced than the standard requirements of Japanese industrial parks, such as zero liquid discharge, pervasive sprinkler systems, and underground power lines" (Ohno, 2017). Although Ohno expressed concerns about some facilities in the SEZ such as one-stop service, fire prevention mechanisms, toilets, and other issues, he expressed that the SEZ's state-of-the-art technologies has significant implications for a country like Ethiopia with no previous history of building similar industrial establishments to accelerate economic growth. While all MNCs in the park participated in manufacturing, Chinese state-owned enterprises (SOEs) are unique in that they built the Hawassa SEZ itself in a record time of nine months and allowed Chinese companies to manufacture in the park. The Chinese MNCs have also been involved in building vital infrastructure projects, such as the Addis Ababa-Djibouti Railway, Ethiopia's ground access to global markets. When operations commenced, the SEZ attracted 22 companies, including major global names in garment manufacturing, even after the AGOA debarment.

Along this line, there is plenty of evidence indicating China-built development infrastructures, be it SEZ or otherwise, during the BRI era are positively contributing to Africa's local development. Huang and Zhang (2018), for instance, stated that the China-built Zambia-China

Economic and Trade Cooperation Zone (ZCCZ) has made significant achievements in attracting investments in Zambia since its establishment in 2007. The authors label the cooperation between China and Zambia through ZCCZ as a South-South cooperation, underscoring its mutually beneficial development implications for both Chinese MNCs, through providing them access to a larger overseas manufacturing platform, and also Zambians, through accelerating their local industrialization. Similarly, after analysing the local development consequences of the Addis Ababa-Djibouti Railway in Ethiopia and Djibouti and the Abuja-Kaduna Rail Line in Nigeria, two large China-built railway projects in East and West Africa, respectively, Tovar (2019) concluded that the projects have reduced land use and air pollution, minimized local natural resource exploitation, localized their workforce, and fostered technology transfer. The positive development contribution of the Chinese MNCs, particularly through building the Hawassa SEZ, goes beyond setting a new record in project completion experience in Ethiopia and attracting investments. This development has also indirectly contributed to changing the lives of community members. During fieldwork with community members, for instance, landlords and small business owners reported positive transformations in their economic situations, including increased rental income from housing workers and improved business prospects due to the influx of factory employees.

These positive development implications, however, are partly compromised by the state's limited consultation with local communities, particularly farmers whose land was taken for the construction of the park. The construction of the park resulted in the clearing of approximately 300 acres of agricultural land, causing displacement for local farmers without fair compensation. Farmers, such as Shibiru and Teqamo, shared personal accounts of their losses and the subsequent financial strain. Mekuria's (2023) findings support the accounts of the farmers saying that the construction of the Hawassa SEZ has resulted in a statistically

significant decrease in household land size, and aggravated vulnerability among displaced farmers.

The politically appealing nature of SEZs embedded in their visibility has led many governments to convert agricultural lands to industrial establishments. This is conducted despite the comparative advantage of agriculture and without proper compensation to farmers. In this respect, Farole & Moberg (2014) mention India's 2005 SEZ Act, Vietnam's displacement of 100,000 rural villagers, and Nigeria's protests over land compensation and resettlement as typical examples. The effect of the SEZs does not end with farmers. It extends to employees. For instance, my fieldwork with workers has indicated that the construction of the SEZs with dormitories only for expatriates has contributed to the segmentation of the workforce and forced low-skilled operators (accounting for 89% of the total workforce), coupled with the rising housing prices in the city, to live in shanty houses in the suburbs of the city as a coping strategy. This case is also valid for other Chinese-built industrial park infrastructures constructed in the image of the Hawassa SEZ.

The second local manifestation is high workforce localization with constrained capability. One typical feature of the Chinese MNCs is their high level of workforce localization rate. Locals fill about 98% of job positions, which is even higher than the average localization rate (~85%) that Sautman & Yan (2015) have reported after surveying 400 Chinese firms across the continent. Some case study companies, such as Xiang Garment and Gang Apparel, have almost totally localized their management. Goodburn *et al*. (2024) also cited Hawassa SEZ and other China-associated zones in Ethiopia for their exemplary achievement in creating jobs for local unemployed people. When foreign MNCs localize their workforce, it creates positive spillovers through human capacity development, as was recorded in the early SEZs of the Dominican Republic (Willmore, 1995). This finding challenges the dominant neo-colonial narrative

portraying the Chinese MNCs as "bringers of their workers" (Wegenast *et al*., 2019) and partly disagrees with the notion that China does not want to put local Africans in the managerial and technical positions (Kinyondo, 2019). Observing thousands of unemployed youths, primarily rural women, entering and exiting the SEZ daily is the beginning of progress. Particularly, in a country facing a significant unemployment issue that leaves about 20% of its youth population outside the productive economic circle (with the women's unemployment rate reaching as high as 25%), the employment opportunities created by the Chinese MNCs contribute positively to local development (for the unemployment statistics, see United Nations Population Fund/UNPF, 2023).

On the other hand, jobs for the majority of low-skilled operators have not turned into qualitative improvements in their lives. Operators' capability is constrained as evident in their precarious working conditions. Divergent narratives of community members also confirm this contrast in working conditions. Family members of operators and their lessors expressed deep concerns about the working conditions of operators, often highlighting the financial strains caused by low wages that barely cover their living costs.

The third local manifestation is a surge in export revenue with limited domestic content. Statistics from case study companies and state archives indicate that the Chinese MNCs have contributed approximately 25% of the total export earnings in the park, which is higher than their proportional representation in the park. However, the export trend shows a decline due to shocks such as COVID-19 and AGOA debarment. At the national level, Ethiopia’s exports have grown at 50% per year during the pre-shock period (COVID-19 and AGOA), of which 40% came from Hawassa and other China-associated SEZs (Goodburn *et al*., 2024, p. 22).

Positive contributions through exports are again constrained by limited domestic content. As shown in the preceding chapter, case study MNCs have very limited backward and forward

linkages with the local economy. Regarding backward linkages, for example, the two sister companies from mainland China (i.e., Zhungwa Garment and Chunghwa Textile) have created a vertical production chain between themselves: Zhungwa Garment receives fabric from Chunghwa Textile and transforms it into clothing before shipping it to the US market. In contrast, those from Hong Kong (i.e., Xiang Garment and Gang Apparel) source their production inputs from suppliers in China and other Asian countries. So, it is clear that there is no local company or supplier that subcontracts the supply of production inputs to the Chinese MNCs. At this point, it is important to clarify that sourcing from foreign suppliers is not exclusively a feature of the Chinese MNCs, but also a characteristic of other non-Chinese and local companies operating in the Hawassa SEZ. For instance, Nasa Garment Plc, one of the three local companies in the park, imports its production inputs (fabric, cotton and cotton fabric) from Asian countries (China, India, Indonesia and Vietnam). This fact is also confirmed by Assefa (2022) who reported that out of 17 companies he surveyed in Hawassa SEZ, none of them sources its production inputs or raw materials from local suppliers.

The most recent exception to this trend is Gang Apparel, which started sourcing from a local textile supplier and producing military uniforms for the state (see Chapter Three for details). Theoretically, we know that such "forced linkage" between Gang Apparel and the local supplier as a shock-coping strategy will not be sustainable. As Altenburg (2000) put it:

> ...backward linkages are beneficial to local suppliers when the underlying rationale of the MNC is to establish the linkage to make use of the local supplier's technological specialization, operational flexibility, and/or economies of scale. However, if the MNCs opt to establish the linkage with the local supplier only to cut wage costs or to cushion fluctuations in demand, the spillover effects are limited due to the limited bargaining power of the local supplier, and because such linkages are not compatible with raising standards as regards quality and reliability" (p. 1).

The forward linkage between the Chinese MNCs and local distributors is also limited as there is no formal forward linkage between Chinese MNCs and local distributors except for a few

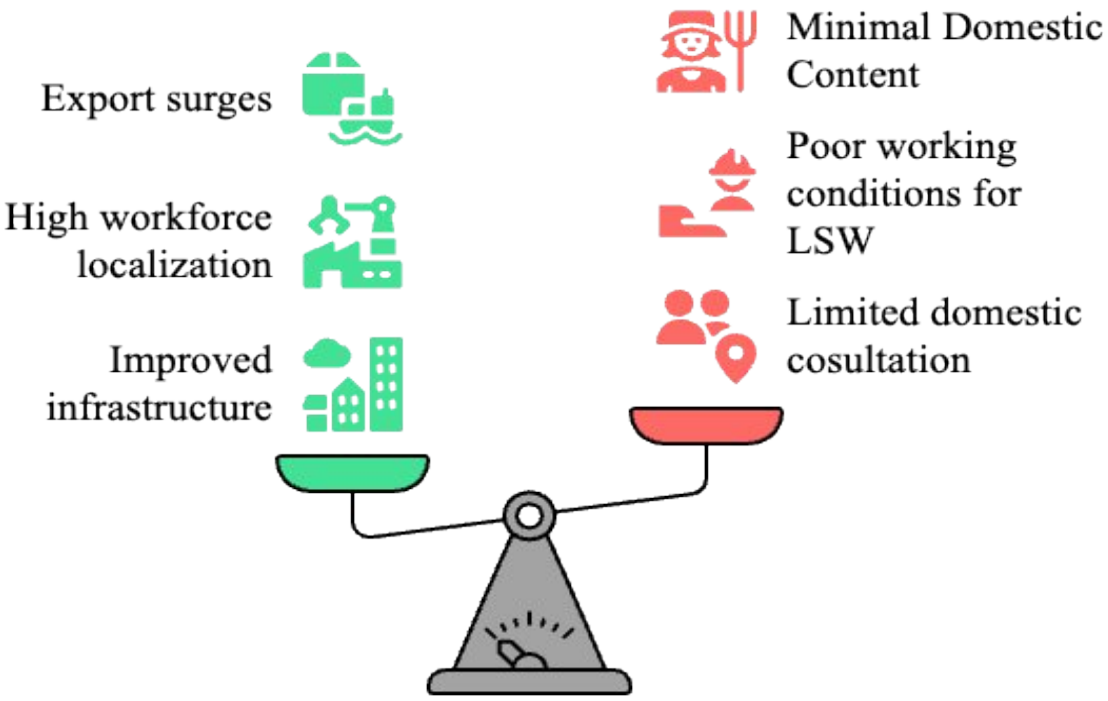
informal ones, such as when the state directly orders from Chinese companies, as it did with Gang Apparel as a coping strategy for the AGOA crisis, or when defects occur in manufacturing orders for international buyers or when a handful of clothes are informally sourced by workers and sold to community members.

The outcome of limited backward and forward linkages with the local economy has made the SEZ and Chinese MNCs an enclave with limited transformational capability. Chinese MNCs establish a promising indirect linkage with the students and staff of Hawassa University. Although this university-industrial linkage is positive, it was, is and will not be enough to reap transformative developmental consequences from the Chinese MNCs. A careful observation of the history of successful industrial parks in China and other countries teaches one important lesson: the importance of building strong linkages between MNCs and the local economy. SEZs established during the early 1980s in China, such as the PC cluster in Guangdong, were initially focused on attracting assembly activities of MNCs from industrialized countries, but within a course of less than a decade, shifted to sourcing from local suppliers (Xin & Jici, 2002; Park, 1996). Hawassa SEZ and the Chinese MNCs in it, however, have failed to create a meaningful and transformative link with the local economy for the last eight years and counting.

Bringing together state narrative, company employment and export statistics, workers' narrative about their conditions, and local community perspectives indicates contestation in development outcomes. While employment generation figures, localization practices, and stories of empowerment from semi-skilled and expatriate workers and from some community members build on the win-win narrative, such stories are, however, constrained by the exploitation narrative from operators, their family members, and their landlords and the absence of meaningful linkage with the local economy (see Figure 2). Put differently, the economic gains through export earnings and employment from the Hawassa SEZ are real,

regardless of the fluctuation due to internal and external shocks. However, these gains are not as transformative as Chinese SEZs during the 1980s. It is neither a miraculous success story nor a failed pipedream but situated in between.

Figure 3: Contested local development implications of the Chinese MNCs



Source: The researcher through the support of Napkin AI

6.2. It worked in Shenzhen; why not in Hawassa?

While early Chinese SEZs in places like Shenzhen have become megacities, Hawassa SEZ, on the other hand, has still been an enclave with little linkage with the local economy after eight years of experimentation. The differences in development outcomes, I would argue, lie in

variations in the SEZ model adopted in the broader political and economic context of the two countries and the interface of other manifold actors and institutional forces. Even though Ethiopia's "industrialization through SEZs" model was mainly exported from China, I argue that the exported model of Hawassa SEZ is not similar, but rather opposite in many aspects, to SEZs implemented in China during the 1980s by Deng Xiaoping's administration. Wong (1987) describes the distinctive features of the early Chinese SEZs (in places like Shenzhen and Zhuhai) as

> comprehensive economic development zones of *considerable size* in the *peripheral and less developed regions* of the country where foreign investors are provided with various incentives and preferential treatments to *engage not only in manufacturing production but also in a whole range of economic activities* from primary production to the tertiary sector (such as commercial activities, real estate development and tourism) (p.27).

I want to emphasize three *italicized* texts from Wong's excerpt above as they hint at their variations from the exported version of the Hawassa model. The first phrase is "considerable size." China's early SEZs, such as Shenzhen SEZ (2000 sq. km), are much larger in size than Hawassa SEZ, which is only 1.4 sq. km. Given that Hawassa is the largest SEZ in Ethiopia and Africa at large in terms of size, one can consider how small others could be when compared to early Chinese SEZs. Of course, China has also experimented with export-oriented small enclaves, similar to the Hawassa model, with Shantou SEZ (1.6 sq. km) and Xiamen (2.5 sq. km). The central government coined the name "Special Export Zones" in July 1979, anticipating their exclusive focus on export. However, after immediately evaluating the restrictive nature of these small enclaves, the central government has upgraded them to a more comprehensive model by expanding their roles from export processing to other sectors of the economy and significantly expanding their area sizes. Along the latter, for example, the area size of Shantou was expanded from 1.6 sq. km to 52.2 sq. km, and the Xiamen from the 2.5 sq. km to 125.5 sq. km. Their name was also changed into SEZ (Wong, 1987). SEZ, introduced

during the second round, has started to become even bigger and bigger. In 1988, for example, the entire province of Hainan, with a size close to 34,000 sq. km., became China's fifth special economic zone (Yeung *et al*., 2009).

The second important phrase is "less developed regions of the country." China has chosen poor fishing villages located on the periphery but near the developed regions of Hong Kong, Macao, and Taiwan. These coastal areas were purposefully chosen to minimize potential political effects on the mainland, on the one hand, and to take advantage of their long-term contact with the developed regions of Hong Kong, Macao and Taiwan on the other. Ethiopia took a completely different approach. Its SEZ regime selected mainly federal and regional major cities such as Addis Ababa, Hawassa, Mekelle, Semera, Bahir Dar and Dire Dawa among others. Even though Ethiopia's detour makes sense given the presence of better infrastructures in major urban centers than the rural areas, it has, I would argue, some element of distorted political motivations. Since 1991, Ethiopia has been governed under ethnic federalism where regional states select their own headquarters and self-govern themselves. In such ethnically sensitive political economy, establishing an SEZ in the headquarters of one "ethnic region" often leads to requests from other regions to establish SEZs without long-term rational calculation.

There is also another detour from China's path. The central government of China waited for a decade before setting up new zones, following the designation of the initial four EZs in the late 1970s. This experimentation period allowed administrations of the Chinese government at various levels to learn from early experiences, address emerging issues, and improve legal, institutional and logistical conditions to facilitate the future growth of SEZs. On the contrary, Ethiopia made the proliferation of SEZs within a very short period of time: about 23 operational SEZs (16 state-owned and 7 private) mushroomed in the country between 2014 and 2021 (see also Xu *et al*., 2024).

In China, the simultaneous development of school curricula, training facilities, and research institutions contributed to addressing the increased demand for skilled workforce and technological know-how (Fei & Liao, 2020). Seeing through this lens, Ethiopia's trend casts doubt on the capacity of local institutions, infrastructure, and policy to efficiently facilitate, monitor, and regulate the large number of zones and incoming foreign investors (see also Fei & Liao, 2020).

The third important phrase is "engage not only in manufacturing production but also in a whole range of economic activities." Both early Chinese and contemporary Ethiopian SEZs share the theme of incentives, but their designs differ. The entire focus of Hawassa SEZ has been on manufacturing activity. Manufacturing is also a dominant activity in early Chinese SEZs, accounting for 40% of total activity. But it is not the only sector in the zones. There are other sectors including transportation, communication, real estate, and tourism, as well as other commercial and service activities (Wong, 1987). Chinese SEZs also have diverse modalities of the participating MNCs, including sole proprietorship in which subsidiaries are wholly foreign-owned, joint ventures or equity joint ventures in which local and foreign subsidiaries share capital and invest together, cooperative production in which a foreign firm brings in capital, equipment and technology, and the local Chinese firm supplies land, factory building and labor services (ibid.). In Hawassa and other SEZs in Ethiopia, however, sole proprietorship is the only modality of participating MNCs.

Variations in development outcomes go beyond differences in the models of SEZs between China and Ethiopia. The differences extend to the broader context in which SEZs were executed. China implemented early SEZs just as a piece of its comprehensive, long-awaited industrial revolution (Cheesman, 2012). Beneath the sea of reform, multilevel reforms were intended to achieve food security, peace and security, and create both domestic and global

markets for Chinese businesses. Wen & Fortier (2016) even argue that China's village firms distributed across vast countryside had more important contents of socio-economic transformation than the much-celebrated SEZs. These village firms created domestic markets for the first industrial revolution and supplied skilled labour and production inputs to SEZs. In the Ethiopian context, state and individual actors in it have invested much to replicate China's industrialization model through the intensification of SEZs across the country. They "cleared" land for the construction of SEZs, allocated funding, recruited labour, and designed incentive packages to lure MNCs to the SEZs. However, the SEZs were implemented as a core component of the government's two five-year Growth and Transformation Plans (2010/11-2019/20) in separation from rural industrialization.

Ethiopia's unfinished proto-industrialization works, including building competitive local suppliers before luring MNCs to the SEZs, have restricted linkages between the Chinese MNCs and the local economy, making Hawassa SEZ an export processing enclave. The SEZ was primarily designed by the state as an export processing zone with the intention of creating jobs and generating foreign exchange revenue through accessing the US market duty- and quota-free under the AGOA scheme. As Rodríguez-Pose & Hardy (2014) have argued, SEZs with such motivation are often isolated from the local economy due to "their obsession with export earnings and sourcing inputs from international markets rather than local suppliers" (p. 78).

Though Ethiopia has an age-old indigenous sector of cloth making, *Shimena* (Amharic: ሽመና)[10], it has been marginalized due to historical public attitudes towards weavers, treating them as lower-class citizens (Pankhurst, 1999). Burley (1976) was perplexed by the inhumane

[10] Some scholars argue that the cotton-based costume industry of the Ethiopian Axumite Kingdom (150 BC to 960 AD) was adopted from the neighbouring Meroe Kingdom (300 BC to 400 AD) which it conquered and destroyed during the 4th Century (Crowfoot, 1911; Von Pezold & Driessen, 2021).

treatment of the Dorze weavers by the residents of Addis Ababa and wondered, "Why are the makers of a highly sought-after product placed in the lowest social class in the country?" Burley's astonishment at this blatant and paradoxical example of social discrimination reached a peak when he discovered that the Dorze were seen not only as belonging to a lower social class, akin to daily labourers or wood carriers, but also despised solely because of their occupation (Burley, 1976). Marginalization, coupled with the absence of effective public policy to address the issue, has resulted in the indigenous clothing sector's inability to meet local clothing needs, let alone developing it into a global brand capable of generating foreign exchange for the country. When Ethiopia, in 2010, envisioned becoming a light manufacturing hub in Africa by 2025 through the export of textiles and apparel to the global market, its indigenous clothing sector was struggling for survival due to high manufacturing costs and low productivity. Prices continued to rise, rendering goods unaffordable for the average Ethiopian. By 2011, rumours circulated that the Chinese were producing the entirety of Ethiopia's cultural attire (Von Pezold & Driessen, 2021). Despite these rumours, however, China-made Ethiopian cultural garments became popular due to their affordability for the mass population (Von Pezold & Driessen, 2021). Although this initial contact of modern Chinese clothing MNCs and the Ethiopian indigenous sector have addressed the growing demand for local attire in Ethiopia, it did not foster dynamism within the indigenous textile sector due to the limited capacity of the sector to absorb technology spillovers. Similar to Ethiopia's indigenous clothing sector, its modern medium- and small-scale textile and garment industries have been struggling with challenges, including inefficient management, limited infrastructure, high staff turnover, inadequate marketing knowledge, unfamiliarity with international standards, limited design capabilities, and lack of organized research and development facilities (Kitaw & Matebu, 2010; Tekleselassie *et al.*, 2018; Tesfaw, 2023). While Ethiopia plans to pursue industrialization through mass production for the global market through multinational corporations, its local

textile and garment productivity lags far behind that of other developing countries. Whitfield *et al*. (2020), for example, stated that Ethiopia's textile sector's productivity is 30% lower and its production cost is 20% higher compared to the same sector in Bangladesh. Even though the country has suitable ecology for cotton cultivation, and land estimated at 3 million hectares, only less than 3% of the land is currently used for cotton cultivation (Tesfaw, 2023).

The local context of Ethiopia for SEZs shows the absence of competitive local suppliers of production inputs and the presence of more than 85% of their labour force with low skills. This ultimately leads to limited linkages between the Chinese MNCs and the local economy. Limited linkage with the domestic economy is also true for other non-Chinese MNCs and local companies manufacturing in the park. The absence of linkages between the Chinese MNCs and the local economy is also a common feature in sectors apart from manufacturing. For instance, Fei (2021) found out that the presence of Chinese telecom companies in Ethiopia has not yet resulted in local industrial transformation, regardless of state intervention, due to the wholesale operation by Chinese firms (p. 74).

The political-economy analysis, though it sheds light on the role of the Ethiopian state, is not adequate to explain the contested development outcomes of the Chinese MNCs, given the presence of many other foreign actors (the companies themselves, the importing countries, etc.) and other local actors (workers and community members) who are involved in the co-construction of the local manifestation of the Hawassa SEZ experiment. Chinese MNCs contributed to the contested development implications during construction and manufacturing phases. In the construction phase, China Civil Engineering Construction Corporation Ltd.'s (CCECC's) long time experience in building development infrastructures helped it to complete the construction of Hawassa SEZ, with its state-of-the-art technologies, in a period of less than a year. During the manufacturing phase, Chinese MNCs exported their dormitory workplace

regime to the park and implemented it for their expatriate workers. They localized almost their entire workforce, on the one hand, but paid, along with other MNCs, the lowest monthly salary for low-skilled operators, making survival difficult. Additionally, sub-national disparities among Chinese enterprises have affected workers differently through localization. Gang Apparel and Xiang Garment in Hong Kong have hired locals to fill management positions, and Zhungwa Garment and Chunghwa Textile in the mainland have maintained expatriates. This distinction allows local semi-skilled people in Hong Kong-based enterprises to assume decision-making positions.

The US, as a principal importer of apparel, has also played a key role in the co-construction of the SEZs through its non-reciprocal trade policy concession known as AGOA. AGOA has performed a dual function. Initially, it attracted Chinese and other countries' companies to the SEZ to intensify imports to the US and export revenue to the companies and Ethiopia. The US applied the same approach in other Sub-Saharan countries (Coulibaly & Kassa, 2022; Tadesse & Fayissa, 2008). For example, after being included in AGOA, Lesotho, Madagascar, and Swaziland doubled their exports to the US while Kenya's apparel exports to the US increased by 50% (Shapouri & Trueblood, 2003, p. 11). However, AGOA debarment early 2022 compelled some Chinese firms (particularly Gang Apparel) to close most of their production lines and lay off their workers. Ethiopia was also affected by US's AGOA debarment policy: Ethiopia's removal from the AGOA beneficiary list caused the dip in both employment and exports in 2022 and afterwards. As seen in Chapter Three, export revenue from the SEZ as a whole, and the Chinese MNCs in particular in 2023 has dropped by 51% and 32%, respectively.

The ramifications of the abrupt revocation of Ethiopia's AGOA eligibility in 2022 extend beyond the park and the Chinese MNCs. It revealed the susceptibility of Ethiopia's predominantly single-market and trade agreement-dependent industrialization model, resulting

in substantial job losses, diminished export volumes, and a decrease in foreign direct investment within the entire garment sector at the national level. Abraham & Tsehay (2024) found that the suspension resulted in a 42% decline in US apparel imports from Ethiopia during the initial two months of 2023 (p. 152).

Agency to maneuver development outcomes of the Chinese MNCs is not only exercised by structures (the state, companies, and unilateral trade agreements) but also by individuals (workers and community members). Semi-skilled local workers and expatriates have used their agency to negotiate with company management to increase their material and non-material benefits and support their family members, and some have even managed to kick-start their own business establishments through the knowledge and skills they gained working in the Chinese MNCs. Though their negotiating power is limited due to their low level of education and industrial skills, low-skilled operators have also struggled to neutralize the negative effects of the exploitative capitalistic economy and, when possible, make the best out of it. They have rented houses at the city outskirts, lived together in groups, and negotiated with their families to get material and financial support to survive in the exploitative capitalist economy. When things no longer worked well, they revolted[11]; some of them even left the SEZ to start life all over again with other possibilities. Landlords / landladies small business owners have used the opportunities created by the establishment of the SEZ in their vicinity to increase and diversify their income sources. Even within the scope of their constrained agency, family members of operators have exercised their agency first to sustain operators through aiding them and, when such approaches were not working, through encouraging them to leave the park and try something else.

[11] https://www.industriall-union.org/ethiopia-workers-strike-for-a-union-in-hawassa-industrial-park

To sum up, the contested development outcomes of the Chinese MNCs are "co-constructed" taking model of the SEZ itself, the political economy of the host country in which SEZs operate, and the interface of actors and institutional forces emerging from China as a home country, Ethiopia as a host country, and the US as a major importing country. Such interfaces have made the Hawassa SEZ a "global project" (Han & Webber, 2020).

7. Conclusion and Implications

7.1. Conclusion: *Bahir zaf* as a metaphor

My fieldwork in Ethiopia was coming to an end, and I packed my stuff to visit my parents. And, on the 11th of August 2023, I travelled from Hawassa to Sawla, the main town of Gofa zone located at 267 kilometres southwest of Hawassa. Sawla is a place where I grew up, and where my parents still live. As I said, I went there to say goodbye to my parents before returning to Hong Kong. Fortunate enough, I had the drive from Hawassa to Sawla by a private car avoiding transit from one bus station to another. It took only five hours. However, using a public bus to travel from Hawassa to Sawla adds an extra two hours due to many stops and transits. The terrain through which the road passes is mountainous, with small-scale farms at the mountain feet and a few small towns scattered along the way. Sitting by the window, I began observing a particular tree species locally called *bahir zaf* (eucalyptus; Amharic: **ባሕር ዛፍ** meaning "tree from the overseas"). These trees line the edges of small farms and cover most mountains. As an Ethiopian citizen, this tree species is not unfamiliar to me. I grew up seeing it in many places in my hometown. When I started my job at Dilla University, I had to commute between Hawassa (where my family lives) and Dilla (where I work). All the way from Hawassa to Dilla, one clearly observes the eucalyptus tree along the roadside. I also encountered the tree in *Arbeguna* (see Picture 4) and *Yirba* districts in Sidama National Regional State during my fieldwork. The presence of the eucalyptus tree raised a question in my mind: "Being an exogenous tree, how was *bahir zaf* propagated everywhere I have visited in the country?"

Picture 7: *Bahir zaf* in in the hill-top in Arbeguna village

Source: https://www.pinterest.com/pin/207517495302460680/)

When I arrived home in Sawla at 7 p.m., only my mother and one of my six brothers were at home. We shared *sarotethi:* a local greeting involving handshakes, shoulder hits, hugs and cheek kisses. After spending some time with them, I asked my mother, "*Etiye*, where is Gashe[12]?" She replied, "In the morning, he attended church's sermon. After having his lunch, he went to *gadde*[13], just an hour before you arrived." Her answer instantly brought back a flood of childhood memories. I smiled and recalled my father's buying that particular farmland when I was an elementary school student. He bought the plot of land because he knew that his salary from teaching at a Bible College and leading a small local church was not enough to feed the family. My siblings and I grew up producing maize, sweet potato, sugarcane, banana, etc., and sometimes keeping bees on this small plot- less than two acres- just to subsist. Suddenly, I stood up abruptly and said to my mother, "Etiye, I will go to *gadde* and find Gashe there." She

[12] *Etiye* and *Gashe* are a local equivalent to Mommy and Daddy respectively.

[13] small farmland.

replied, “You’ve travelled for hours and should rest.” But I insisted. “If you insist, let your brother take you on a motorbike,” my mother added.

After a 30-minute ride, we arrived at *gadde*. I found my father ploughing the land to prepare for the upcoming corn planting season. After exchanging *sarotethi* with him, I took the oxen-driven traditional plough and assisted him (see Picture 5).

Picture 8: The researcher practicing traditional farming using a yoke of oxen

Source: A picture taken a researcher’s brother, 11th August 2023 (Note: the tree species on the corner of the farmland is *Bahir Zaf*)

After a while, we started chatting taking rest under the shade, and my attention was drawn again to the *bahir zaf* along the edges of our farmland. My father had made some land-cover changes to these trees. It fascinated me. In my early years at home, I remember my father saying that he wanted to eliminate them all together due to their effect on other crops, and the complaints from the owner of the farmland next to ours. He did cut many of the trees, but, even after several years, he still kept some on the borders of the farmland. Surprised, I asked him, “*Gashe*, you still keep *bahir zaf?”* He responded, “Yes, my son.” “But you wanted to remove

them all," I pressed. He said he maintained some and explained that the trees provide significant economic benefits. He said:

> Yes, they do some harm- they need more water, and they don't allow other crops nearby to grow. But they are useful, too. Last year, I sold *Bahir Zaf* for ETB 25,000.00 to Temesgen, who wanted to build a house. Do you think our second house in the new compound could be built with such a small amount of money if we didn't use most of *bahir zaf* from here? Besides, we haven't ever bought firewood since we planted the trees here.

While my father continued explaining the economic gains from *Bahir Zaf* and his decision to keep them despite the negative impacts, I was reminded of the controversial development consequences of the Chinese companies I encountered during my fieldwork. Drawing on my personal observation on how other peasants in Ethiopia use this tree species in their daily lives—similar to my father's experience- and reading literature about the tree species, I found it a powerful metaphor for understanding the local development implications of the Chinese companies in Ethiopia rather than adopting neo-(Marxism) or Sino-neoliberalism.

From the outset, *bahir zaf* is not an indigenous tree species to Ethiopia. As the meaning of its name (i.e., tree from the overseas) indicates, the tree species was first introduced to Addis Ababa from Australia in 1895 by Emperor Menelik II (1889–1913) to meet the city's growing demand for fuelwood and construction materials (Moges, 2010). Once introduced, *Bahir Zaf* quickly became popular across the capital and was later distributed throughout the country due to its high economic value- fast-growing, coppicing ability, usage as construction material, unpalatability to animals, and adaptability to diverse environments. With over 800 species, scholars (Moore, 2024) describe bahir zaf as "survival experts". They can recover from fire, regenerate from cut stumps, and endure droughts through shedding their matured leaves and making self-pruning to conserve water. Moreover, their roots extend deep and wide into the soil, often longer than the tree's height, searching for underground water sources during droughts. These roots also leach chemicals into the soil, unlocking nutrients in poor soils (ibid). This combination of resilience and adaptability has made bahir zaf dominant and demanded

over indigenous trees and facilitated their widespread propagation across urban and rural areas in Ethiopia. Abebe & Tadesse (2014) report that *bahir zaf* covers over half a million acres nationwide, making Ethiopia one of the top ten eucalyptus-growing countries globally and the leading in East Africa.

Two similarities can be drawn from the discussions so far. First, the exoticness of *bahir zaf* resonates with how Chinese MNCs and the imported Chinese development model—via SEZs—have mushroomed in Ethiopia since the early 2000s (see Chapter One). After the establishment of Ethiopia's first private Chinese-associated SEZ, the Eastern Industrial Zone in Dukem town in 2008, a total of 13 public and 7 private SEZs have since been developed, making Ethiopia an African country with the most Chinese-related SEZs (Goodburn *et al*., 2024). During the pre-pandemic period, just before my fieldwork, nearly half of the companies in Hawassa SEZ were Chinese. By the time I left Hawassa SEZ, Chinese MNCs outnumbered local companies.

Second, the adaptability of *bahir zaf* can be metaphorically used to comprehend the adaptability of the Chinese MNCs to shocks which I discussed in Chapter Three. Just as *bahir zaf* shades its leaves, drops limbs to conserve water and extends its roots deep and far in search of nutrients, the Chinese firms have responded to crises by downsizing, closing some production lines to cut costs, and diversifying markets—shifting from the US to local markets and to Europe—especially after Ethiopia's duty-free access to the US market was suspended on the 1st January 2022.

What surprises me most about the parallelism between the tree species and Chinese MNCs --- beyond the similarities in their exoticism, enclave practices, expansionism, and survival strategies --- is the resemblance in their contested local development implications. With their expansion across the country, the local developmental consequences of *bahir zaf* have sparked

considerable controversy, placing the species at the center of the "curse-blessing" debate within academic and policy circles. On the one hand, villagers favour the species due to its adaptability, rapid growth, unpalatability to livestock, and the high income generated from its sale. On the other hand, its ecological disadvantages—such as inhibiting indigenous species, competing for moisture and nutrients, and hostility to local wildlife—make Ethiopian farmers cautious about its proliferation on their farmland (Dessie *et al*., 2019; Abebe & Tadesse, 2014). Scholars from other Asian countries (see Raintree (1991) from India, and Fumikazu (2009) from Thailand) report similar debates: the economic gains versus ecological costs of eucalyptus cultivation. In Ethiopia, small-scale farmers tend to plant *Bahir Zaf* either on marginal lands unsuitable for crops or push it to the edges of their farmlands thereby limiting its negative effects while still benefiting from its economic advantages—much like my father does. To visitors to rural Ethiopia, *Bahir Zaf* often appears as a cornered enclave at the edges of fragmented farmlands, metaphorically akin to the Hawassa SEZ itself.

Parallelly, the Chinese MNCs' local development implications are equally complex and contradictory. Their impact has manifested in three contrasting features: improved infrastructure with limited local consultation, high workforce localization with constrained capabilities, and export surges with limited local content (see Chapter Six). On the positive side, their ability to rapidly deliver state-of-the-art infrastructure, create localized employment, and generate hard currency revenue through exports has positioned them as instrumental actors in Ethiopia's transition from a predominantly agrarian economy to an industrial one. These benefits align with stories I heard from skilled local workers, expatriates, landlords and small business owners around Hawassa SEZ (Chapters Four and Five). Conversely, their detachment from the local economy, exploitation narratives of low-skilled operators and their families highlight the limitations of their transformative potential. In conclusion, the developmental impact of the Chinese MNCs in Ethiopia appears meaningful but falls short of transforming the local economy.

7.2. Implications for theory and other developing countries

Situating Ethiopia's experience within the broader media narratives and structuralist discourses on Sino-African relations (as discussed in Chapters Two and the introductory section), I argue that neither the neo-Marxist "neo-colonial" narrative nor the Sino-neoliberal "win-win" narrative fully captures the nuanced local development outcomes of Chinese manufacturing in Hawassa SEZ. Neo-Marxist analyses tend to homogenize Chinese multinational corporations (MNCs), portraying their engagement as uniformly detrimental—characterized by alleged "debt-trap diplomacy," crowding out of local firms, and perpetuation of poor working conditions. Conversely, proponents of the "win-win" narrative emphasize mutual benefits: economic growth, infrastructure development, job creation, and export expansion—occasionally citing superior working conditions compared to local firms or other foreign investors.

While the neo-Marxist perspective rightly highlights issues of land dispossession and poor working conditions of migrant rural women, it overlooks the stories of semi-skilled workers, small business owners, and local landlords who benefit from Chinese investments, and the infrastructural improvements that facilitate local economic activities. Conversely, the "win-win" discourse downplays the limited transformative power of the Chinese MNCs primarily due to their detachment from the local economy. This case-specific study also challenges the tendency to homogenize all Chinese MNCs. Although they share similarities—such as workforce localization and resilience to shocks—differences emerge in management practices, coping strategies and local engagement, revealing a nuanced landscape of Chinese corporate presence.

While the neo-Marxist perspective rightly highlights critical issues such as land dispossession and precarious working conditions among migrant rural women workers, it overlooks the experiences of semi-skilled workers, small business owners, and local landlords who derive tangible benefits from Chinese investments, alongside the infrastructural improvements that

facilitate broader local economic activities. Conversely, the "win-win" discourse underestimates the limited transformative potential of Chinese MNCs, primarily due to their detachment from the local economy. This case-specific analysis further challenges tendencies to homogenize all Chinese MNCs. Although they share common characteristics—such as commitment to workforce localization and resilience to economic shocks—significant variations emerge in management practices, adaptive strategies, and degrees of local engagement, revealing a complex landscape of corporate presence. Likewise, local actors—including workers, community members, and small entrepreneurs—exercise varying degrees of agency, maintain diverse perspectives, and demonstrate different levels of resilience in responding to these investments.

The contested development implications of Chinese MNCs in Ethiopia have crucial lessons for other developing countries. Five key implications emerge from this research. First, infrastructure gains can outpace inclusive, participatory local development. Chinese MNCs have delivered rapid, state-of-art infrastructure which catalyze investment and regional integration. However, these gains frequently occur alongside limited local consultation and significant land displacement, as it happened in the context of Hawassa SEZ, producing negative development outcomes for affected communities. For other developing countries, this underscores the imperative of prioritizing inclusive planning from inception through early engagement with farmers, local businesses, and civil society organizations, alongside establishing transparent land acquisition and compensation mechanisms. Converting physical infrastructure into broad-based developmental benefits requires integrating infrastructure projects with local capacity-building initiatives. In such contexts, implementing parallel community-benefit programs linked to major infrastructure projects can help mitigate displacement costs for local communities.

Second, high workforce localization by multinationals positively contribute to local development

but do not automatically translate into broad-based improvements in living standards for workers, particularly low-skilled workers. As shown in this research, workforce localization among case study Chinese MNCs in Hawassa SEZ approach 98%, contributing to employment generation and some human capacity development; however, working conditions for many low-skilled operators remain precarious, with wages often insufficient to cover basic living costs. This implies the necessity of designing and enforcing labour standards that extend beyond recruitment metrics to ensure leaving wage, predictable working hours, occupational safety, access to trainings that could help them in upward mobility. Complementing localization with targeted upskilling programs—including vocational training, apprenticeships, and managerial development—can facilitate workers' transition into higher-value roles. Furthermore, monitoring unequal benefit distribution within the local workforce and implementing inclusive, affordable housing strategies for low-skilled workers could improve living standards and prevent social fragmentation between them and expatriate workers residing in company dormitories.

Third, increased export earnings from MNC operations may not necessarily enhance domestic productive capacity. While Chinese MNCs contribute a quarter of Hawassa SEZ's total export, domestic value addition was limited to labour. This necessitates reconfiguring the structure of export-oriented SEZs to maximize domestic value content. For Ethiopia and other developing countries, strategic starting points include incubating domestic suppliers initially, followed by imposing local sourcing quota on MNCs. Export processing zones like Hawassa risk becoming isolated enclaves with limited developmental impact—and potentially wasteful of scarce public resources—without strong linkages to the local economy. Consequently, integrating these zones with rural economic revitalization, fostering local markets, and strengthening domestic supply chains ensure spillover effect beyond zone gates.

Fourth, external shocks related to trade restrictions can undermine export revenue. Ethiopia's

experience demonstrates that dependence on top-down, externally driven markets (i.e., AGOA), creates inherent vulnerability due to change in preferences of the U.S. as a major buyer country. A crucial lesson involves diversifying markets and trade agreements rather than relying heavily on single preferential markets. Resilience to external shocks can also be enhanced through developing robust domestic markets, strengthening sectoral diversity within zones, and cultivating multiple trading partnerships. Furthermore, strengthening social protection systems and employment insurance schemes can help cushion workers and local communities during economic downturns.

Finally, the Ethiopian experience underscores the importance of context sensitivity and policy adaptability. Developmental outcomes vary significantly across contexts; interventions successful in one setting (e.g. SEZ-driven employment generation or infrastructure development) may produce different social or environmental tensions elsewhere. Therefore, conducting rigorous, context-specific feasibility studies and impact assessments before scaling SEZs or inviting multinational participation would benefit developing countries pursuing similar development pathways. Moreover, developing flexible policy instruments adaptable to local labor markets, land tenure systems, and social protection frameworks helps reduce the implementation costs of imported development models. This lesson resonates with the wisdom of the ancient Chinese proverb—摸着石头过河, *mōzhe shítou guò hé*—"cross the river by feeling the stones," reminding us that sustainable progress thrives on contextual adaptation and mindful advancement.

Collectively, these themes illustrate that Ethiopia's experience with Chinese MNCs presents both opportunities and challenges for other Global South countries: rapid infrastructure development and job creation can coincide with displacement, social fragmentation, and limited domestic content integration. The imperative is not to reject such investments but to design

sophisticated governance and policy frameworks that maximize local benefits, ensure equitable compensation, promote inclusive planning, strengthen worker protections and foster domestic linkages to transform export-oriented activities into broader national development gains.

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