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Analyzing the Rationality of Ethiopia in Dealing with China's Support in Infrastructure Development: the Addis Ababa-Djibouti Railway Case

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Abstract

This article analyzes the rationality of Ethiopia in cooperating with China in restoring the Addis Ababa-Djibouti railway project using rational choice theory in foreign policy making. Despite having several alternative ports and other parties to support the project, Ethiopia has chosen the fund from China to support its railway project. The similarity between China and Ethiopia regarding political values is one of the factors in choosing China to work with. The Ethiopian People's Revolutionary Democratic Front (EPRDF) seems to be unapproachable by Western political values that are influenced by the internal condition of the state and tend to emphasize democracy. Therefore, it tends to work with China. Other than that, depending on Djibouti's port as the most viable seaport in the region to access the sea as a landlocked country has driven Ethiopia to restore the railway as quickly as possible. By considering the Chinese loan system, which did not have many qualifications to lend money, Ethiopia could quickly restore the railway and not miss out on the opportunity to grow its trade through developing its infrastructure.

Keywords: African infrastructure development, China's loan, China in Africa, rational choice

Abstrak

Artikel ini menganalisis rasionalitas Ethiopia dalam melakukan kerjasama dengan China dalam restorasi proyek kereta Addis Ababa-Djibouti dengan menggunakan teori pilihan rasional dalam pengambilan kebijakan luar negeri. Meski memiliki beberapa pelabuhan alternatif dan pihak lain untuk mendukung proyek tersebut, Ethiopia memilih dana dari China untuk mendukung proyek kereta tersebut. Kesamaan antara China dan Ethiopia dalam hal nilai politik ditemukan menjadi salah satu faktor dalam memilih China untuk diajak bekerja sama. Front Demokrasi Revolusioner Rakyat Ethiopia (EPRDF) tampaknya tidak dapat didekati oleh nilai-nilai politik Barat yang dipengaruhi oleh kondisi internal negara dan cenderung menekankan demokrasi. Karena itu, Ethiopia cenderung bekerja dengan China. Selain itu, bergantung pada pelabuhan Djibouti sebagai pelabuhan laut paling layak di wilayah tersebut untuk mendapatkan akses ke laut karena negara yang terkurung daratan telah mendorong Ethiopia untuk memulihkan jalur kereta api secepat mungkin. Dengan mempertimbangkan sistem pinjaman China, yang tidak memiliki banyak kualifikasi untuk meminjamkan uang, Ethiopia dapat dengan cepat memulihkan jalur kereta api dan tidak melewatkan kesempatan untuk mengembangkan perdagangannya melalui pengembangan infrastrukturnya.

Kata-kata kunci: *Cina di Afrika, pengembagan infrastruktur Afrika, pilihan rasional, pinjaman Cina,*

INTRODUCTION

The Addis Ababa-Djibouti railway is an ancient, 784 km long railway built by the French. The railway was established under the joint ownership of Ethiopia and Djibouti and has always been influential as the main entry and exit points for Ethiopian imports and exports. It was inaugurated in 1917 but stopped operating in 2008 as the railways fell into disrepair due to poor maintenance and management by the local government (Leviker, 2021). While a major restoration project was initiated in 1998, the French government changed the regulations of development aid resumed the disabled loans to underdeveloped countries due to the changes in its internal policy (Mohapatra, 2016). The new railway project was initiated with support from China in the form of a loan. The total cost for the project is estimated to reach USD 3.5 billion and potentially peaked at even USD 4.2 billion considering the interest rate increase and some side works that need to be completed (Leviker, 2021).

Over the last two decades, China's presence in the African continent has been growing in the number of interactions and cooperation. China's position in Africa was affirmed with the launch of "The Belt and Road Initiative" (BRI) in 2013, one of the most ambitious projects to support China's political and economic role in international society (Lisinge, 2020). BRI aims to expand China's markets for goods and services by investing in infrastructure development across Asia, Europe, and Africa (Weng et al., 2021). African countries saw this investment as a way to fill the gap in their infrastructure development which has been lacking funding from the government and private entities.

One of Africa's most highlighted Chinese infrastructure projects is the railway connecting Ethiopia and Djibouti. In the early stages of the BRI project, USD2.43 billion loan was given for the Addis Ababa-Djibouti railway from China's Export-Import Bank (EXIM Bank) (Tarrosy et al., 2018). Ethiopia was the first country on the continent to hold a forum for China-Africa cooperation, and in turn, Ethiopia becomes the center of China's BRI project with approximately 400 Chinese projects. Ethiopia became the second-largest recipient of Chinese funding on the continent (Nyabiage, 2021) and has become a unique case to probe deeper.

Most Chinese investment projects take place in developing countries like Africa. Previous studies have found that the key motivation for China to develop African infrastructure is resource extraction (Fei, 2021; Lisinge, 2020; Mlambo et al., 2016; Qobo & Pere, 2018). The urgency to get funding for their lagging infrastructure development destroyed by the civil war has driven African countries to let China extract their resources in return (Mlambo et al., 2016). In his research, Lisinge (2020) argues that the connectivity created by the BRI enables China to ship resources from African countries.

As the notion of resource extraction starts to dominate the discussion on China-Africa cooperation, several scholars argue that the main motives of Chinese investment are not necessarily about resources (Ehizuelen, 2017; Grimm, 2014; Marson et al., 2021; Weng, 2021). Research conducted by Marson et al. (2021) found that China is targeting the fund-recipient country as an export market for China's goods and services, not as a resource importer. Although Ethiopia is a poor-resource country, China's investment in Ethiopia is bigger than it is in Angola, which is one of the biggest oil exporters for China (Ehizuelen, 2017).

Studies in Sub-Saharan Africa have reported that cooperation with China is actually harming local community and businesses (Otele, 2020; Wang & Elliot, 2014; Yankson et al., 2018). Based on two empirical studies on Ethiopia, the main reason China-Africa cooperation is hurting the locals is the lack of capabilities from domestic resources to operate Chinese technology (Fei, 2021; Wethal, 2019). Furthermore, field research showed that local contractors in Ethiopia have been affected by Chinese projects to allow materials and labor imported from China (Ehizuelen, 2017; Tarrosy, 2020). Even after the constructed infrastructure has finished, poor capacity to properly operate and maintain the infrastructure has further disadvantaged Ethiopia (Donou-Adonsou & Lim, 2018; Ehizuelen, 2017; Marson et al., 2021; Qobo & le Pere, 2018; Tarrosy, 2020; Weng et al., 2021; Wethal, 2019; Yankson et al., 2018). Consequently, unsustainable infrastructure would be a challenge for Ethiopia and other African countries to manage payments for Chinese loans.

Scholars have criticized the principle of non-interference in China's BRI project that prevents China from meddling with the domestic affairs of the fund recipients. China is criticized for being ignorant of any violations or crimes committed in the recipient countries, such as dictatorships and violations against human rights that may be common in African countries (Donou-Adonsou & Lim, 2018; Mlambo et al., 2016; Xu & Zhang, 2020). However, other field studies have found that the non-interference principle actually fits the political values of African countries (Lisinge, 2020; Otele, 2020; Wang & Elliot, 2014). Therefore, shared political value is an important factor for China in selecting the target country for investment.

Regardless of these factors, many still believe that Chinese funding or African infrastructure brings mutually positive impacts for both countries. On one hand, African countries need to recover their infrastructure after gaining independence. Unfortunately, this recovery is not a priority for the World Bank and other investors (Marson et al., 2021). On the other hand, China perceives infrastructure development as the primary goal of its BRI initiative. Therefore, between 2000–2014, China already invested USD 40 billion funds higher than the total ever provided by the World Bank from 1970 to 2014 (Marson et al., 2021). A couple of studies have identified China's support as "soft loans" and "softer credit" that allow the recipient countries to extend the grace period as Chinese banks' policies are different in terms of credit risk assessment (Grimm, 2014; Tarrosy, 2020). Moreover, with its non-interference principle, China gives an opportunity for funds to countries with poor governance unable to access funds from other investors. More specifically, the principle of non-interference attracted African leaders because it honours their authority to manage domestic affairs, unlike Western investors that tend to meddle with their government (Tarrosy, 2020; Wang & Elliot, 2014). It is believed that Chinese support on infrastructure development will ease the African Union's aspiration for accelerated integration, technological advancement, and trade (Ehizuelen, 2017; Otele, 2020; Qobo & le Pere, 2018). Using the fixed-effect and instrumental variable approaches, Donou-Adonsou and Lim (2018) showed that

China’s support for infrastructure had contributed to the raised per capita income African countries. All in all, these advantages gained from cooperation with China have shaped the views of African leaders to positively perceive Chinese support.

Despite the seemingly optimistic leaders about China’s support, most Africans perceive it negatively, especially the social and environmental impacts of infrastructure development (Xu & Zhang, 2020; Yankson et al., 2018). This, then, provides a gap to analyze what really matters for African leaders by analyzing the rationality of Ethiopia to deal with Chinese support on infrastructure development, focusing on the case of the Addis Ababa-Djibouti railway.

The increasing number of activities and cooperation between African leaders and the Chinese government in terms of infrastructure development has caught the attention of scholars. Several studies highlights the political beliefs that have driven Chinese cooperation with Ethiopia. However, most of these beliefs generalized African countries and tend to uphold Chinese perspective. Lack of African point of view and studies that perceive China-Africa interaction as a bilateral cooperation have provided an intriguing opportunity for analysis. This paper aims to investigate factors that motivate Ethiopia to take China's investment for Addis Ababa-Djibouti railway restoration. The research question to address is, “what are Ethiopia’s reason for dealing with China's support for Addis Ababa-Djibouti railway development?”

Theoretical Framework

The theory of rational choice will be used to guide the analysis in order to achieve research objectives and answer the research questions. Rational choice theory, also known as rational action theory or choice theory, is a theory that interprets individual behavior in social and economic studies. The study of rational choice has been one of the most common perspectives used in international relations. It perceives the importance of understanding how one decision taken by an actor could change the existing condition, be it world peace or war in international relations. It also recognizes that every decision in political science, including international relations, is based on complex calculations and acquired through rational thought that connects to economic studies (Allison, 1977). The state's actions could be compared to those of rational individuals who are seemingly aware of the current condition and attempting to maximize their values in achieving their goal (Allison & Zelikow, 1999; Hindmoor & Taylor, 2018; Petracca, 1991). With regards to international relations, the goal is seen as national security (Novelli, 2018) or the nation’s objective, that could also be an individual goal of one leader.

On the basis of its existence, the rational choice theory has been used by social scientists to explain the phenomenon of the human nature of individuals or decision-making units in making decisions that can be identified as rational choices that are tied to their own preferences (Oppenheimer, 2012; Wittek, 2013). The rational choice theory has emerged since Adam Smith identified his studies that elaborated on self-interest. Economist Gary Becker approached this theory from an economic standpoint, introducing the concept of wealth and benefit maximization in human behavior (Petracca, 1991). The rational choice theory is combined with the economics approach in the political approach to explain the behavior of individuals in politics who believe their self-preferences are more important than the interests of their states (Fornasier & Franklin, 2019).

Elaborating the theory by Adam Smith, Wittek (2013) identified three core assumptions. The first assumption is that individuals have a high tendency to act based on their preferences towards something. In other words, a selfish act is not perceived as negative in rational choice theory. However, if society were founded on the literal maximization of only one's own self-interest in money or power, it would be unable to operate properly (Goode, 1997). The second is the pressure on the decision-makers to maximize the utilization of their resources. The last assumption is about the perception of the information gained. It discusses whether the decision-maker would acknowledge the input and take it into consideration before making a decision. Plans with the highest potentials to bring more wealth to the country would be discussed and considered during the decision-making process (Goode, 1997). This effort to gain best result could also lead to several changes in the internal affairs of the government (Petracca, 1991). Newly proposed bills and laws tend to adapt with the condition of its internal affairs to make a certain decision.

This paper specifically used the concept of rational choice applied to foreign policy making described by Morin & Paquin (2018) with the concept of goal in rational choice theory in international relations field by Novelli (2018). In foreign policy, rational choices tend to taken based on the agents preference on maximizing utility. The term "utility" can be interpreted as wealth, power, and security in foreign policy field (Novelli, 2018). The economic rational choice revolves around three main core: information, resources, and possibilities. In foreign policymaking, the availabile policy is an essential part of rational policies to consider the current financial conditions, opportunities, and policy limitations. In addition, potential profits and less risk and losses should be considered in making rational choices (Morin & Paquin, 2018).

The rational choice concept is applied by exploring three instruments selected from a number of key points that define the nature of rational choice theory in foreign policy. First, Ethiopia’s political condition will be explored to see any social or legal norms that could limit the policy making process or restrict the policy made. Second, Ethiopia’s trade interest is analyzed to observe Ethiopia’s financial condition and the main goal of the project. Lastly, Ethiopia’s geo-economy and China’s loan system are observed to see the potential opportunities considered by Ethiopia to arrive at rational choices.

Research Methods

This paper used a qualitative method to dissect the rationality of Ethiopia’s decision to develop their infrastructure, particularly the Addis Ababa-Djibouti Railway by cooperating with China. The primary data for analysis were derived from reports and studies from the governments of Ethiopia, China, and other countries, as well as institutions, including like the Infrastructure Consortium for Africa, the United Nations branch, the International Trade Centre, and the World Integrated Trade Solution.

Other sources of data were previous research findings relevant to this topic, and news articles to keep track of any updates on the topic and support the analysis. The explored topics and information were related to Ethiopia's geopolitics and Ethiopia's political relations with China. Data time frame was limited to up until 2011 before the restoration was initiated to ensure the relevance of the topic.

Analysis on the limitation of policy making would focus on the political system in the Ethiopian decision-making unit. In this case, the Prime Minister and the Federal Parliamentary Assembly would be the objects of observation. The political environment and limitations of Ethiopia's policies would be investigated as these are represented by the parliamentary body. Studies on political affairs in Ethiopia would be the main source to gain better understanding.

Furthermore, this study would probe into the enforcement of Ethiopia's trade activities and directions of development reported by official stakeholders and previous studies. The goal of Ethiopia and the urgency to develop their railway would be analyzed to assess the urgency of taking short-term solution, which direction the Ethiopian government is moving toward, and the loan system offered by China to assess potential opportunities for Ethiopia.

RESULTS AND DISCUSSION

The Addis Ababa-Djibouti Railway

The Addis Ababa-Djibouti railway is the first transboundary railway in Africa (Leviker, 2021), the fully operating railway powered by Ethiopia's renewable hydropower (Yalew & Changgang, 2020). Primarily built to dispatch passengers and Ethiopia's export and import goods, the railway was officially operated on January 1, 2018, after almost eight years of construction since 2011. It stretches more than 750 km, connecting Ethiopia's capital Addis Ababa, Ethiopia's dry ports, and straight to the Doraleh multipurpose port in Djibouti (Mohapatra, 2016).

The railway between Addis Ababa and Djibouti existed long before China's presence in Ethiopia's infrastructure development. Then, China offered funding to transform the French-built old railway (Mohapatra, 2016) into fully electrified, which aligns with Ethiopia's five-year Growth and Transformation Plans (GTPs) focusing on economic development policy (Government of Ethiopia, 2010). The high demand for well-connected access from Ethiopia to Djibouti was due to Ethiopia's dependency on Djibouti's port to transport cargo from Ethiopia. The new railway evidently increased time efficiency to transfer goods from Ethiopia's dry port to Djibouti's port.

The Addis Ababa-Djibouti railway is one of the biggest Chinese projects in Africa, worth more than USD 3.5 billion in loans through China's Export-Import Bank (EXIM Bank), accounted for 70% of the total share of project funding (Mohapatra, 2016). The Ethiopian government contributed approximately 30% of the sharing of funds, accounted for USD 1.5 billion (Africa Manager, 2014). It is interesting to understand Ethiopia's motives to cooperate with China given the alternatives to collaborate with other parties eager to support the railway's sustainability, like European Union (The Infrastructure Consortium for Africa, 2007).

Ethiopia's Dynamic with China

The relationship between China and Ethiopia has long been established, even before China's growing influence on Africa continent in the early 21st century. It began in 1991 when the EPRDF, an ethnic-based party, seized power from the previous military regime, the Derg. EPRDF is led by the Tigray People's Liberation Front (TPLF) known for its "revolutionary democracy" ideology. Sharing common values with China in terms of cooperation with Marxist ideology and scepticism of Western policy approaches (Cheru, 2016), Ethiopia attempted to implement China's strategy for its rapidly growing economy.

Since EPRDF came to power, Ethiopia's political and economic models have been reshaped. Ethiopia's government has seen significant changes in recent years, where official multi-party politics are introduced, ethnicity is acknowledged as a political element in public life, elections are held, administrative borders are redrawn, bureaucracy is decentralized, and several economic sectors are liberalized (Hagmann & Abbink, 2011). Initially, the Ethiopian government attempted to adapt the newly developed political model to the "democratized" Western model to gain international donors and a position in international society. However, the EPRDF has its own interpretation of implementing "democracy" in Ethiopian society. While democracy is among many fundamental values in Ethiopia, the government remains under the strict control of the hegemonic EPRDF as the ruling party which adopts the model regime from Marxist-Leninist theory (Hagmann & Abbink, 2011).

The shifting political model in Ethiopia has affected its relations with Western donors and other state partners. As eastern countries like China, Turkey, and India gain more influence in Africa, western donors like the United States and the European Union have waned. The Ethiopian government is aware of Western donors' interest in issues like human rights violations and democracy in the countries they support. Therefore, disregarding the threat from Western countries to withdraw their aid due to democracy issue in Ethiopia (Hagmann & Abbink, 2011), the government of Ethiopia strengthens its economic cooperation with China to ensure one potential donor because China pays no heed to the internal affairs of its partner states. Since Ethiopia has a high level of authoritarianism, China is presumably committed to work with the country without concerns about Ethiopia's supposed commitment to democracy (Mlambo et al., 2016). This aligns with limitation of policy availability by Morin & Paquin (2018) that some policies may be avoided or prohibited to be applied due to administration interest or legal and social norms.

During Ethiopian Prime Minister Meles's visit to China in 1995, he stated that his country welcomed China to come and invest their money in Ethiopia, and that Ethiopia is ready to support and provide anything China needs for their project. To support Ethiopia-China relation, the Joint Ethiopia-China Commission (JECC) was established in 1998 as an economic cooperation and agreement platform for both countries' high officials to discuss bilateral relations, specifically China's loans to Africa. Moreover, as Ethiopia chose to make China its policy role model for state development, both countries agreed to work further on their relations. Approximately 200 Ethiopian officials would be transferred to China to attend a training program designed by China to share and discuss development experiences and strategies (Cheru, 2016).

During the early stages of its governance, the ruling party EPRDF focused on developing the small-scale agriculture in rural areas because even cities only experience a little development.

However, this development approach changed in 2005 when the opposition obtained more seats in the election (Arriola & Lyons, 2016), thus threatened EPRDF position and swayed EPRDF's focus on rural areas' development.

In response to the growing influence of their opposition in the parliament and active discussion on city development, the EPRDF began to shift its policy from developing rural area to urban area, and from agriculture industrialization approach to industrial transformation. This new development approach enabled Ethiopia to engage more with China on infrastructure development projects (Leviker, 2021).

Ethiopia launched the five-year Growth and Transformation Plans (GTPs) as a strategy for channeling its policy on urban industrialization development. Aiming to intensify Ethiopia's economic development through industrialization in cities between 2010 and 2020, Ethiopia's targeted developments included railway restoration. The Addis Ababa-Djibouti railway project is one of the realizations of the EPRDF industrialization development plan under the GTP program (Government of Ethiopia, 2010).

In 2010, China outperformed Japan as the second largest economy in the world (Barboza, 2010), and this has caused several structural changes in the global market. China's rapid economic growth at the beginning of the 21st century has also affected other developing countries. Along with this influential shift, China changed its approach to cooperation with developing countries from a single assistance pattern to comprehensive ways of cooperation. It can be seen from the formation of the Forum on China-Africa Cooperation (FOCAC) (Yalew & Changgang, 2020) that functions as a medium for China and African countries to share values and opportunities to collaborate in multiple areas, such as trade, investments, loans, economic aid, and others.

Since FOCAC, China and Ethiopia have always been good partners in economic development for both countries. Having in several development projects in Ethiopia, China has also become Ethiopia's biggest trading partner, with a 23.83% share of imports and a 13.51% share of exports in 2010 (World Integrated Trade Solution 2010, 2022). In 2011, Ethiopia almost doubled its export value to China after growing by 45% worth USD268,000 in total, compared to USD185,000 in 2010 (International Trade Center, 2020). Ethiopia's economy is dependent on exported product, and China is the top export country for Ethiopia's goods and the source of Ethiopia's economic growth. In general, it would be more beneficial and less risky for Ethiopia to comply with China's plan to establish connectivity across African regions to ensure the sustainability of its biggest export market. One of them is Addis Ababa-Djibouti railway project that targets goods delivery to enhance Ethiopia's trade activities.

Ethiopia's Geo-Economy

High demand for reliable transportation to connect Ethiopia and Djibouti is due to Ethiopia's dependency on Djibouti's port for trade activities and high volume of cargo. More than 1,000–1,500 trucks were recorded passing through Ethiopia-Djibouti road every day before the railway was operated (African Research Bulletin, 2015). the Chairman of the Djibouti Port Authority stated that the vehicle volume was projected to increase, so a railway operation was an urgency. The Chinese railway has cut the 2-3 days of road trip from Ethiopia to Djibouti to 12 hours maximum by railroad (African Research Bulletin, 2015; Leviker, 2021).

For a landlocked country like Ethiopia, transportation costs must be reduced to the lowest point possible as this affects the price of imported and exported goods. The railroad has significantly reduced transportation cost of cargo between Djibouti and Ethiopia. What was USD 42,8 per ton by road is now USD 15.3-35.6 per ton by railroad (The Infrastructure Consortium for Africa, 2007). Moreover, the cost for road maintenance increases with the vehicle volume on the road. According to Mohaparta (2020), USD 26 million is needed to maintain and rehab 100 km of road between Addis Ababa and Djibouti and is projected to increase with the growing traffics and incapacitated railway. Meanwhile, the railroad is rehabilitated once every 15 to 20 years. Railway also helps limit the emission levels as it reduces over 85% of carbon footprint and saves more than 75% of energy consumption (Borgo, 2011). Further, fully-electrified railway enables Ethiopia to reduce fuel imports.

The Addis Ababa-Djibouti railway has become the main access to transfer goods and passengers from Ethiopia to Djibouti since 1998, following the conflict resolution between Ethiopia and Eritrea (Africa Research Bulletin, 2017). A pre-feasibility study conducted in 2007 by Hifab International observed the need to repair some parts of Addis Ababa-Djibouti railway. Poor maintenance conducted by both countries, bad management, and lack of expert operators have contributed to the declining quality of the railway (The Infrastructure Consortium for Africa, 2007).

Before China, other parties had attempted to get the project under their contract in Ethiopia. Between 2004 and 2007, the Infrastructure Consortium for Africa (2007) reported that services to restore the ancient railway were offered by some construction companies, including COMAZAR (a South African railway company) and Al-Ghanim and Sons Group (Kuwaiti developer company). Chemin de Fer Djibouti-Ethiopien (CDE) or the Djibouti-Ethiopia Railway company had started minor rehabilitation on the railway using EURO 40 million funds from the European Union. For further restoration, China is the only source of funding available for Ethiopia. Lack of access to the sea and being heavily dependent on Djibouti's port, have rendered Ethiopia dependent on the quality of the railway to gain national security (Mishra & Singh 2008).

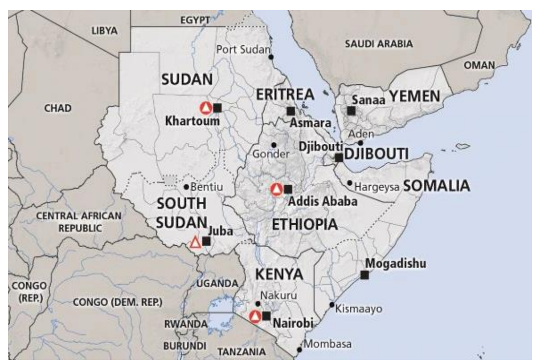

Figure 1

Horn of Africa (Somalia, Ethiopia, Kenya), 2021.

Besides Djibouti, other countries for alternative access include Kenya, Sudan, Eritrea, and Somalia (Figure 1). However, the Red Sea through Djibouti's port remained the best option in 2011. Before Djibouti, Ethiopia used Assab Port in Eritrea, a former province of Ethiopia, to handle no less than 75% of Ethiopia's import and export distribution (Snow et al., 2003) but the access ended in 1998 after a war outbreak between Ethiopia and Eritrea.

The Neighbor's Situation

Further, the internal conflict in Somalia has excluded the Berbera Port of Somalia from the list of viable seaports for Ethiopia to transfer its cargo. Al-Shabaab, a terrorist organization responsible for numerous attacks on the Somali civilian population and military activities, continued to pose a serious threat to the country's safety and stability following the 1992 report from the United Nations Security Council (1992). Poor infrastructure development in Berbera port would cause ineffectiveness of the port and threaten the sustainability of Ethiopia's trade activities.

Distance from Ethiopia's dry ports to its neighbor's seaports was one of influential factors in selecting the transit destination to ensure the efficiency of time and cost for each cargo delivery. Ethiopia has trusted the transportation of over 70% of its cargo to Modjo dry port which is located 73 km in the southeast off Addis Ababa and included in Addis Ababa-Djibouti railway stops. The distance between Modjo dry port and the sea ports in Sudan is double that of Modjo-Djibouti's port (Takele & Tolcha, 2021). Also, from Modjo to Port of Sudan was 1.859 km apart, and Modjo to Mombasa Port of Kenya was 1.913 km according to Google Maps, so road quality was one of crucial aspects to consider.

Despite many alternative routes above, Ethiopia maintains its connection with Djibouti Port as their main cargo transit corridor due to Djibouti port capacity and port management. Mombasa was the largest and most developed port in East Africa but it lacked available container storage capacity, was easily overrun with no less than 10,000 containers, and the average shipping waiting time was up to around 5 days. As of today, capacity issues have forced the Kenya Port Authority (KPA) to reject transshipment operations. Therefore, Ethiopia did not depend on Mombasa due to impending deceleration of cargo traffic and increase of cargo costs that may result in delivery delays (Congestion at the Mombasa Port, 2010).

Ethiopia's trade activities can be handled well in Djibouti port as long as continued development takes place. In June 2000, the Dubai Port International (DPI), an Emirati multinational logistic company (now DP World), began to operate in Djibouti port and signed a 20-year agreement with the Djibouti government. One year later, the management of Djibouti port was assigned to DPI (Mohapatra, 2020). The shifting management has affected the increase of Djibouti's port performance and developed the infrastructure of the port extensively to ease the trade activities of the port's users and take advantage of the congestion in Mombasa port.

The Choice to China's Loans

One of the reasons for Ethiopian to take financial support from China for the railway is the loan system. In the Addis Ababa-Djibouti railway project, the funds were co-provided by China's Export and Import Bank (EXIM Bank) and the Chinese government, in form of Concessional Loan (CL) or Government Concessional Loans (GCLs). This type of loan can only be offered by the EXIM Bank with an interest rate generally below the market rate (2-3%), does not require an upfront payment from the borrower (Brautigam & Hwang, 2020; Gelpern et al., 2021), and offers 5-year grace periods and 15 to 20 years of maturity. This type of loans advantaged Ethiopia because in 2010 and 2011, the interest rate of China's loans increased to 5.8-6.6%. However, due to the limited publication by both China and Ethiopia, the exact data of loans offered in Addis Ababa-Djibouti railway project could not be stated. The data above was obtained from secondary sources, which are SAIS-CARI and AidData.

Difficulties to borrow funds from Western countries or institutions have granted China opportunities to offer solution to African countries struggling with funding deficit in their infrastructure development. While World Bank could be a solution, the institution relies heavily on financial assessment of the target countries prior to making decision to provide funding for infrastructure. Meanwhile, African countries mostly failed to propose for funding due to unconvincing likelihood of economic success of the loan, operation costs by the operators, and the internal capacity building of the receiver (Marson et al., 2021). Due to World Bank's railway report of the hit-and-miss infrastructure funding, the funding in infrastructure development especially railway is assessed to be unsustainable and low in benefits.

Accordingly, Ethiopia's decision to use China's funds to restore Addis Ababa-Djibouti railway was based on China's financial system offered by China and limited options for fund sources. Four factors to this decision explained above are interconnected in such a way that made collaboration China seemed to be the most suitable option. The urgency to access the sea for trade has driven Ethiopia to find alternative routes among its neighboring countries to establish connectivity. Upon heavily assessing advantages and disadvantages of many options to ensure a sustainable connection, Ethiopia decided to establish networking with Djibouti on the joint-ownership of Addis Ababa-Djibouti railway, mostly funded by China. This decision secured China as Ethiopia's biggest trade partner and strengthen their decades-long relations.

CONCLUSION

The rationality of Ethiopia's parliament to restore Addis Ababa-Djibouti railway using Chinese investment, despite other opportunities to collaborate with other stakeholders, was mainly driven by the urgency to access seaports and Ethiopia's close relations with China. As a landlocked country with limited access to sea transport, Ethiopia decided to restore the Addis Ababa-Djibouti railway. This rationale was driven by their national interest in securing access to the sea through Djibouti as the most feasible land route in the region for their international trade activities.

Working with China is seemingly less risky for Ethiopia's regime and brings in benefits on loan flexibility. Also, Ethiopia's long-standing relations with China have shaped its development strategy, in which China becomes the primary donor for development projects. Moreover, as China becomes Ethiopia's biggest export market, partnership with China will at least secure the continuity of Ethiopia's biggest exports. Convenient partnership with China that allows Ethiopia to mind its own domestic affairs and governance has influenced the Ethiopian parliament to maintain cooperation with China. Also, the communist political basis in Ethiopia is an obstacle to receive donors from Western parties which tend to demand the recipient countries to adopt the so-called "Western democracy."

To conclude, Ethiopia's decision to work with China was based on a fully rational decision of Ethiopia's parliament because it has successfully secured Ethiopia's national interest to remain relevant in international trade. This decision was evident from three points of rational choice in foreign policy, namely financial availability, opportunities, and policy limitations. Ethiopia could savour economic benefits from China's low interest rate loan, and utilized its close relations with China to accomplish national goals without interference from China with domestic affairs and risking its regime. Lastly, Ethiopia's decision to work with China has reflected a rational choice in its policymaking where it acknowledges the available policy and considers the accompanying benefits and risks

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