

Assessment of Ethiopia's Economic Diplomacy: Post 1991

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Abstract

Economic diplomacy is defined as the actions of both state and non-state actors aimed at promoting cross-border trade and investment flows. Economic interest is highly concerned with the foreign policy objectives of contemporary states. Because of increasing economic interdependence in the international level, the state has a role to stimulate the development of national economy through the foreign relations. Therefore, the launch of economic diplomacy to accomplish foreign policy objectives and adjusting the domestic environment for the success of such objectives is crucial. In Ethiopia, the launch of economic diplomacy under the three regimes were different. The EPRDF's launch of economic diplomacy is driven both by development in the international system and domestic realities such as underdevelopment and abject poverty. However, such policy objective has faced different constraints and challenges that have so far hinder its success and implementation.

Therefore, this paper aims at assessing Ethiopia's Economic Diplomacy Since 1991. To realize the objective, the study used qualitative methodologies to assess opportunity and challenges of Ethiopia's Economic diplomacy of since 1991. Data were also collected both from primary and secondary sources. The main primary data collection methods were in-depth interviews and the secondary data source was obtained from published materials, unpublished documentary materials and internet. After critical analysis of the overall economic diplomacy of Ethiopia, this paper empirically proved that the current government has given due attention to economic diplomacy as major issue as indicated in the foreign policy objective to eradicate poverty. However, even though such attempts there were certain problems such as domestic and international problems that impede the Ethiopian economic diplomacy in the post 1991 periods. This paper also found that there were different opportunities to be exploited in both domestic and international environment in order to pursue the development activities of the country and dozen of challenges that face implementation activities. Therefore, in order to maximize benefit from economic diplomacy the domestic environment is very crucial determinant and the government should improve the problems to make the domestic condition more feasible for the implementation of the objective of economic diplomacy. In addition, the government need to used opportunities provided by on-going international system and search the way to avoid conditionality's that are imposed by international system such as IMF and Multilateral rule

Key Words: Economic diplomacy, Opportunity, challenge

1. INTRODUCTION

The emergence of explicit concepts of economic diplomacy is a relatively recent development in the study of diplomacy that dates from the 1980s (Barston, 1997). The key theoretical issue in the study of economic diplomacy is the extent to which

economic diplomacy is tied to the state and public interests or whether it pertains to a broader range of social actors and interests (Barston, 1997). This classic debate lingers, of course, in analyses of diplomacy per se. It is also at the very root of our understanding of the practice and purpose of economic diplomacy. If

diplomacy is tied to state actors and state interests then economic diplomacy tends to be limited to the use of traditional diplomatic tools to achieve the economic goals of the state. Understood in this state-centric realist framework, economic diplomacy is seen primarily as intergovernmental, conducted by Foreign Service officials and as a means for advancing the economic interests of the state in foreign countries and the world economy. This prominent line of argument in the conventional view of economic diplomacy sees a constitutive relationship between diplomacy and state sovereignty, as well as a constitutive relationship between diplomatic systems and an anarchic system of sovereign states (Barston 1997; Gardner 1969; Marshall 1997; Watson 1982).

The newer approaches to economic diplomacy recognize that diplomacy cannot be compartmentalized into separate economic and political activity and that, in practical terms, most countries would find such a separation simply unworkable. In all countries economic diplomacy is a key strand in diplomatic strategy and it therefore becomes necessary for states to develop an integrated or coordinated diplomacy. This coordinated diplomacy involves a multiplicity of actors and individuals built around policy networks drawn from several government ministries, including the foreign ministry, as well as the private and civil sector actors placed in national, regional and international levels (Hocking 2004). When we think of diplomacy we need to move beyond simply thinking of the foreign ministry and its officials in overseas missions. A more useful concept is the 'national diplomatic system' (NDS).¹ This concept better captures the diverse and complex nature of coordinated diplomacy. Economic diplomacy may be driven by the foreign ministry, but it involves those with

economic responsibilities and interests inside and outside of government at all levels of governance.

In a global, interdependent economy, economic diplomacy subsumes more issues, thus expanding the potential number of national and systemic players with economic interests and responsibilities in the diplomatic process (Bayne & Woolcock 2007). In this understanding of diplomacy it is necessary for scholars to identify the linkages between this diverse set of public and private actors and interests - that is, the nature of the diplomatic networks and the relationships between public and private within diplomatic systems.² For most of its history,

The survival of the state has been the centerpiece of the current foreign policy of Ethiopia just as it was during past regimes. The means might differ, but the end remained the same: the politics of state survival. In general, as the ends do not

² See Hocking (2002) for a detailed case study of such linkages.

Ethiopia's diplomacy has effectively served the survival of the nation. Edmond J. Keller in his "The Politics of State Survival: Change and continuity of Ethiopian Foreign Policy" describes the fundamental essence of Ethiopia's foreign policy as something that has not changed over the past century despite changes in government. Even when the imperial regime was displaced by a military Afro-Marxist government the main focus of the country's foreign policy continued to be the desire for the multi ethnic character of the nation state to be internationally accepted as legitimate, coupled with defence of its territorial integrity. (Edmond J. Keller: 1987: 87).

¹The concept of the NDS is developed in Hocking (2007)

necessarily justify the means, it's necessary to give due attention to the means if one wants to produce acceptable ends. No matter how good a policy is and no matter how good the intentions are, these can only be turned into reality by means as good as the policy and the intentions. The problem is identifying the right means. It is not easy and it requires proper and intelligent analysis of the strengths, weaknesses and opportunities as well as of the possible dangers of the institutions, groups and individuals within the political, economic and socio-cultural environment of the state. (Ibid)

The current foreign policy is clear eyed in pointing out the country's vulnerability and the dangers to its survival (ibid: 26&27). It is axiomatic to stress that Ethiopia's vulnerability is internal in nature. It is vulnerability that emanates from poverty and underdevelopment. The threat to Ethiopia's survival is poverty, underdevelopment and lack of good governance and democracy. This means that development, defined in the wider sense of the term, provides the way forward.

Foreign and security policy is centered on development that benefits the people and creates conducive situations for such development. As the Ministry of Information stressed, Ethiopia's national interests and security can only be guaranteed if rapid development is attained (Ministry Of Information, 2002:28). The main security threat remains the danger of widening poverty leading to collapse and the absence of democracy and good governance causing in bloodshed and destruction. This threat can be removed through overcoming poverty through development and economic initiatives. Indeed, it is only when we build a strong economy that we can effectively defend ourselves from external threats (ibid: 28&29). Ethiopia, of course, still has a fragile and dependent economy and rapid development remains critical for the protection of national interests and

security. Policy makers in Ethiopia agree that a policy designed to create a favorable atmosphere to safeguard its national interests and security should be centered on the economy.

This is why economic diplomacy has a major role to play in Ethiopia's overall diplomatic

strategy. Indeed, Ethiopia's relationships, friendly or otherwise, should be based first of all on economic matters. It should not enter into hostilities or friendship based on matters irrelevant to its development; external activities should focus on promoting business and investment opportunities and identifying sources of aid and credit. Foreign Service officers must realize that they are first of all development officers and that they need to acquire the requisite competence to accomplish this mission. Overall, the government should not view economic tasks as just one of many external activities, but rather place economic interests at the centre of foreign relations (ibid). Ethiopia's foreign policy, in fact, maintains that economic diplomacy is an instrument of rapid economic growth, pivotal to build the capacity to withstand internal and external threats. Economic diplomacy, therefore, implies the removal of domestic and international handicaps to rapid development using diplomatic instruments such as representation, protection, communication, negotiations and political pressure. Central to this is the importance of juxtaposing the rhetoric of policy with the praxis, the practical application, reviewing the performance of economic diplomacy in creating a conducive international environment for economic development.

Under the main objective, the specific objectives of the study are to;

- Identify the major opportunities of Ethiopia's economic diplomacy Since 1991
- Assess the challenges and constraints of Ethiopia's economic diplomacy in

the development of trade and investment?

2. METHODOLOGY

The researcher has used both the primary and secondary data to conduct this study. As a primary source, the researcher used structured and semi-structured interview with key informants and government officials. These key informants had been purposely selected and interviewed because of their knowledge and position relating to the information they have, and used as first-hand information concerning the issues under study. Similarly secondary data was collected from Ethiopian Investment Commission, Ministry of Trade, Industry bureaus, Ministry of communication, Ministry of Foreign Affairs. In addition, Internet data and important written materials and books were carefully assessed to fully address the issues under study.

Collected data from the above sources were sorted and categorized to the chapters of the thesis according to their relevance. In addition, the data was qualitatively assessed and analyzed in a good manner to address the statement of the problem, the , the general and specific objectives.

3. RESULT & DISCUSSION

Major opportunities and constraint

It is an undeniable fact that the Ethiopia government has made different attempts in searching for appropriate policies, identifying basic problems and building the capacity for implementation of the launch of economic diplomacy and to achieve desirable results out of it. However, as far as the research findings are concerned there are different opportunities what the government have and challenges that face the implementation of economic diplomacy.

As was noted above, the foreign policy objectives of the country, at least in principle, can be characterized as the best policy and strategy that the country has ever formulated. The policy document also

stipulates some of the detail mechanisms of implementation. Attempts are being undertaken by the Ministry of Foreign Affairs in order to restructure institutional set up and operation system so as to meet the objectives of economic diplomacy and as a reaction to the changing international system. There were also different opportunities in which the government needs to exploit it

Opportunities

Different officials in different institutions are now being motivated to coordinate their activities towards the better achievement in the field of economic diplomacy. According to Saner and Yiu, the goal of economic diplomats' is to competently influence multilateral economic policy. According to them one of the mechanisms to achieve the goal is coordinating with specialized ministries (Saner and Yiu, 2004:20).

As the researcher identified, to achieve the goal of Economic diplomacy, there have been some attempt to coordinate different institution, but it is too little to get the maximum benefit.

Ethiopia's membership in the multilateral Investment Guarantee Agency (MIGA) shows the commitment of the country to attract foreign investment which has positive impact on the investment activities in the country. According to Berhanu, Ethiopia's membership with MIGA is providing some confidence to foreign investors in terms of providing security from non-commercial risk (Berhanu, 1999:9). Nevertheless, the fact remains that the extent of foreign investment that has been drawn in spite of membership in MIGA is still negligible.

The aspects relating to this drawback will be elaborated in the following section.

Ethiopia's active participation in NEPAD is also considered as pone of the mechanisms in mobilizing resources from abroad since the aim of NEPAD is coordinating the African countries in their relation with the developed countries

especially in terms of solving the multifaceted problems of Africans (Kich, 2003: 118). NEPAD has been acclaimed as an important initiative that has a high potential to give a new boost and direction to the development efforts of African countries as well as established new forms of partnership with developed world (Kabbaj, 2003: 89). However, NEPAD does not and cannot aim to restructure the international system in which the international division of labor and rule making and standard setting institutions are established in favor the advanced countries. But one can observe from the current Ethiopian government activities that Ethiopia is expecting much from NEPAD. This is especially in terms of mobilizing more resources from the advanced countries in the forms of aid and foreign direct investment as well as providing market access for the products of the country. Nevertheless, no tangible achievements have been made through the new partnership for African Development except for some attempts in managing African conflicts and good governance and democracy

In terms of opportunities that exist, it is undeniable that there are different opportunities to be exploited in both domestic and international environment in order to pursue the development activities of the country. In regard to the domestic environment there is positive development in the political system of the country and there are encouraging activities on the side of domestic investors to invest their capital in the country. The relative consciousness and technical competency of the productive forces and relative change in the people's attitudes towards the work could be cited as positive development in the domestic environment.

The international system provides more opportunities to be exploited in enhancing the economic development of the country (interview, Hirut, 2018). The availability of easily accessible technology and knowledge for the developing countries

like Ethiopia should be considered as advantage for their activities. When we analyze the advantages in terms of pillars of economic diplomacy one can find encouraging opportunities in the international system. However, most of these opportunities require the capacity and competency from these developing countries which is unaffordable by them. Today, the international community is more cooperative than any times in the past. There are number of forums in the area of technical and economic cooperation among the countries of the world. This is also one of the opportunities that are available for the country to exploit.

Concerning the available opportunities in the area of international trade and export issues Ethiopia has been provided with different opportunity.

Among the various opportunities, Ethiopia has various market opportunities such as the African Growth Opportunity Act (AGOA) has been playing fundamental role for Ethiopia's export trade growth. AGOA insists Ethiopian exporters to export their product to the United States without tariff and tax (Akililu interviewed with Ethiopian Herald, 2018). It is one of the 48 Countries granted quota and duty free export of a large number of commodities to Canada. Similarly, Japan, Australia and China have granted Ethiopia preferential export access for a large basket of goods.

Concerning Ethiopia's bilateral agreement, Hirut puts the following: There are many bilateral agreements through which Ethiopia can export products without tax and quota. With our geographical proximity to the very large consuming countries in the middle is also an advantage. Hence, the special market opportunity that we have in different regions or countries in the world is an incentive for foreign direct investors to come here and invest their resources (interview, Hirut, 2018).

This implies that Ethiopia has numerous kinds of incentives that motivate an international company to bring their capital goods without being taxed, which is the result of the implementation of international investment laws, and are signatory of multilateral investments and agreements.

The changing, the improving image of the country and the experience gathered on how to do business diplomacy, with increasing consensus on the mechanisms of doing and promoting economic diplomacy is one aspect of the opportunities (Yohanis, 2016). The growing economy and positive rippling effect, and government's efforts to improve the physical, infrastructural and institutional ease of doing business, are some of the opportunities brightening the prospects of economic diplomacy in the country.

At the continental level, Ethiopia has signed and ratified the Abuja Treaty that aims to establish an Africa Economic Community (AEC) among the continent's 54 countries (Getachew, 2016). The Treaty emphasizes the importance of setting up the Africa Economic Community (AEC) through the coordination, harmonization, and progressive integration of the activities of regional economic communities (RECs).

Secondly, Ethiopia has also 'everything but Arms (EBA)' initiative, which allows all imports to the European Union from the Least Developed Countries with duty-free and quota-free, except armaments. But because of the capacity problem and lack of competency Ethiopia is unable to effectively utilize these opportunities (Interview, Hirut, 2018).

The other opportunity is the Diaspora. Ethiopia, as matter of fact, has hundreds of thousands of Ethiopians abroad some of whom have the potential to invest and most of them have technical and intellectual capacity which is needed for the transfer of appropriate technology. There are offices that have been opened to

deal with the affairs Diaspora such as: the Diaspora affairs office under the ministry of capacity building and the Ethiopian Expatriates General Directorate under ministry of Foreign Affairs. The aim of these institutions is obviously to mobilize the Diaspora to contribute for the national economic development of the country.

For a country that has seen its most talented brains leave for better opportunities in Europe and the US. a return of diasporas is important to sustain the reform and realize development. Therefore, the country need to maintain the momentum to sustain the initiation of the Diaspora to be part of the development of the country.

The political culture in the country is not well developed and it is not that much good, but when Diaspora come and get chance to involve in the political activities in the country, they will add a value to the political system of the country which will be taken as positive contribution, even they will influence the government to encourage better participation and better engagement this will positively impact the country's political system (interview, Efrem, 2018). Accordingly, the government needs to develop the capacity of institution and establish good and competent civil services through the institutions they have and they will continue serving their people in a productive manner.

Challenges and Constraints

Ethiopian government has made different attempts in searching for appropriate policies, identifying basic problems and building the capacity for implementation of the launch of economic diplomacy and to achieve desirable results out of it. However, as far as the research findings are concerned share are dozens of challenges that face the implementation activities.

Domestic Environment

Although different attempts have been taken to minimize policy constraints to

economic diplomacy there are still unrealistic policies and even lack of appropriate policies which act as obstacles to achieve the intended objectives in the external sector. According to Kasahun quoted in (Markos, 2005) Slow liberalization of the economic sector is one of the policy constraints that have created some reluctance on the part of the private investors to invest. Land policy issue is also still another problem that put the private sector in dilemma about the real ideological orientation of the regime, i.e the constitutional prohibition of private ownership of land which makes the land under total control of the state.

As noted above, the foreign policy strategies of the country is formulated in best manner and its release for public discussion is also considered as step in the right direction. However, the regime's policy of recruitment of the diplomats neglects the merit system and which is based on accommodating different nations and nationalities in the form of affirmative action has adversely affected the competency of Ethiopian diplomats. Furthermore, representation and recruitment of the diplomats is based on the political loyalty and the Ambassadorial post is given as a reward on the domestic political achievements (Kasahun, 2004:18).

Slow liberalization of the economic policies and the mix of socialist orientation and liberalism are other impediments to economic diplomacy (interview, Efrem, 2018). This means first the revolutionary nature of the ruling party, despite strong pressure from the international community in fostering the liberalization process of different economic sectors: the process is slow and excessively bureaucratic. In other words, the socialist principles that the country followed and adopted have not yet been completely taken out. One can see this from the way the government has been adopting policies in different economic sector. One of the indications of this is the slow and sluggish pace of privatization,

which shows the hesitation of the government to private most of the sectors owned by the state. Such practices hinder the investors from investing in the country. The institutional capacity of the country is very crucial in order to exploit the opportunities in the international system. Ethiopia, because of its poor economy, could not strong institutional capacity. This institutional capacity problem is recognized by the government itself but the actions taken so far have yet to achieve the desired result. The government has formulated the implementation capacity building policy and strategy in order to solve the institutional capacity problem of the country, but in spite of the formulation of this, there has not been adequate result (Ibid). Moreover, the government has established distinct institution at Ministerial level called Ministry of capacity building in charge of building the implementation capacity of the country. But the ministry by itself is established as the amalgamation of different institutions and suffers from the capacity problem by itself let alone building the capacity of the institutions and the country as a whole. This is partly explained as the result of the underdeveloped economy of the country and partly as the result of unrealistic policy and lack of political commitment and concern Birhanu quoted in (Markos, 2005). As noted above, the country is not able to utilize the opportunities provided by the on going international system. The main problem can be cited as the capacity problem which is revealed in all aspect of life in the country. The capacity problem would be evident in the in the areas of production, transportation, technology, skilled human labor, service provision, etc. Another problem in the conduct of economic diplomacy is in the area of foreign relations and in the conduct of diplomatic activities. There is no skilled man power in the area especially with expertise experiences. According to Hirut, the Ethiopian government orders its

diplomatic missions to evaluate their performance in terms of their contribution to the economic development of the country. This means, interns of attracting foreign investment ; promoting foreign trade especially in promoting exports, in publicizing the countries tourism potential; in the area of transferring appropriate technology as well as in the area of economic cooperation. But the doubt is that whether they can achieve their goal because of security and politically bounded expertise and experiences of diplomats.

Here the concern of the research is the link between the domestic political environment and the economic activities of the country. The conducive political environment is one of the pre-requisite for the practice of economic diplomacy. For instance, the practice of democratic system, existence of independent judiciary, adequate property laws, peaceful transition of political power, and the general feasibility of the political system bear positive impact on the economic development. Whereas, the absence of such practices adversely affects the national economy as well as deter the citizens and other business corporations from making their contribution to the economic development of the country. According to Addissalem, the existing judicial system is inefficient, and undermined with few resources. This situation impacts unfavorably on the private sector, in particular on foreign investors (Addisalem,2003). The business development in the country is seriously affected by the inefficient judiciary which suffered from shortage of qualified and experienced judges (Tadesse, 2003). Unless otherwise the government improves its legal system, it remains as one of the obstacles in achieving the desired objectives in economic diplomacy. The other problem is the past bad experiences and image of the country abroad. This means civil war and political instability, command economic

experiences and nationalization of foreign firms. And because of its experiences of severe drought and famine, Ethiopia's image abroad has been affected (Markos, 2005). Ethiopia's Experience of and failure to control those natural calamities has affected the image of the country. During the years of military government, Ethiopia suffered from recurrent drought, civil strife as well as political and economic repression. As a result the image of the country was negative in the eyes of international community, particularly foreign investors. Since the fall of military regime, Ethiopia has made considerable stride in the economic and political fronts in order to create conducive environment for private investment. Although ,there has been positive progress of late, still a lot more needs to be done to reverse the negative image which needs pro-active investment promotion activities (Tadesse,2003:186). Because of this when the diplomats of developing countries talk about trade and investment in international forum, the country's conduct is limited to humanitarian and relief aid. This also affects the countries eligibility to get development loans as well.

Ethiopia is one of the countries that have large number of population in Africa which is the basis to view the country as a large market in the region. But owing to abject poverty and backwardness, the purchasing power of the people is very low. The other issue related to this is lack of necessary capital accumulation and savings in order to compete with other countries in attracting foreign investment. The other problem as noted above is lack of coordination and cooperation among concerned governmental institutions. In some areas there are promising performances in coordinating activities but in most are, ,one can observe lack of coordination and the impact of loss of resources and inefficiency in the area of economic diplomacy(Markos,2005)

The 1995 E.C Annual book of Ethiopia classified Ministry of Foreign affairs as

purely political institution. The mandate of the ministry by itself limits the activities of the ministry to only political and other security issues. This means that the ministry of Foreign affairs has no legal mandate to handle economic issues and its claim to handle economic issues contradicts with its legal mandates. The 1995/6 E.C Foreign Minister's report to the parliament makes mention of some achievement in the field of economic diplomacy. However, it is limited in the area of relief aid, debt reduction, loan, bilateral economic cooperation, etc. This shows that still the concern is limited on the issues of bilateral cooperation which has negligible benefit in comparison with the other three pillars of economic diplomacy.

The activities of foreign affairs need dynamic, multilingual and smart diplomat, researcher and communicator. The ministry lacks, however, this kind of professionals. The role of professional diplomats is quite minimal and thin (Ethiopian Herald, 2018).

Therefore, the country lacks professional diplomats on business diplomacy, stressing the urgency of training diplomats on the areas of business diplomacy.

Systematic Constraints in International Environment

Today the ongoing international system provides both the opportunities as noted above and challenges that deter the developing country such as Ethiopia from achieving the desired achievement in the international economic relations. The contemporary international system is the outcome of the long historical interaction in which the advanced countries have shaped the system for centuries in their favor. One of the outcomes is the international division of labor which confined the developing countries to rely on exporting primary commodities whose gain in international market is insignificant in comparison with the manufactured and industrial products.

Tadesse quoted in (Markos, 2005) correctly puts the challenges of international system in the following manner:

In the years to come, due to globalization Ethiopia compete not only with countries in Africa region but also with different corners of the world. This is therefore a big challenge to Ethiopia, which requires well thought out investment promotion strategy that identified potential partners of international investment through a targeting approach that gives appropriate promotional priority to areas diversified but competitive. (Tadesse, 2003:186).

The quality and standard setting for the developing countries is another system constraint.

Fulfilling the quality and standard requirements is beyond the capacity of the developing countries like Ethiopia (Lisanwork, 2005). This shows that the developed countries provision for preferential access is not to benefit the developing countries since they provide access in their official negotiation and deny the token preferences through their strict quality and standard requirements.

The other challenge in the international system is the problem that is raised from the conditionality that are imposed by the international financial institutions and multilateral rule making regimes, which are considered as the tools of developed countries and in most case operate against the interest of developing countries. Since the beginning of 1990's Ethiopia has been carrying out different structural adjustment programs in different stages as per the requirement of the IMF and World Bank. And also since the beginning of the new millennium Ethiopia is negotiating with the multilateral rule making regimes such as World Trade Organization in order to join the global trade relation. Although these institutions provide some opportunities in some cases the negative

effect of their conditionality outweigh the advantages especially for developing country such as Ethiopia (Markos, 2005). However, as far as the finding of the research is concerned there are many constraints and challenges by almost all concerned institutions which hampered the achievement of the stated goals and objectives in the area.

First, there is no plain that facilitate cooperation and coordination between different concerned institutions within the country. In fact, some institutions claim that they are coordinating their activities and also the economic diplomacy committee is working together to achieve the common objective in the area. But the practice remains far beyond the token agendas. The implementation process lacks consistence.

Second, the problem of capacity and competency of the institutions and unskilled human labor in both government and private level is one of the major obstacle in the implementation of the policy. Of course, this problem is associated with the overall capacity of the country. The problem stemmed from the poverty and backwardness of the country. But the problem is exacerbated owing to lack of wise utilization of the limited resources in building the capacity of wisely scrutinized priority areas.

Third, the domestic political system of the country is not as such conducive for private business as it propagated by the government (Markos, 2005).

Lastly, the structure of the international system by itself poses the challenge for the developing countries such as Ethiopia

development, democratization, and peace and stability – the crux of the foreign policy goals of the country.

For most of its history, Ethiopia's diplomacy has effectively served the survival of the nation. The current foreign policy is clear eyed in pointing out the country's vulnerability and the dangers to its survival. It is vulnerability that emanates from poverty and underdevelopment. The threat to Ethiopia's survival is poverty, underdevelopment and lack of good governance and democracy. This means that development, defined in the wider sense of the term, provides the way forward.

Ethiopian economic diplomacy is paying off more effectively than ever before. For it to continue to play an appropriate role in foreign policy it must also identify the challenges and exploit the opportunities fully. This means diplomats who understand and are well versed in the economic processes, challenges and opportunities of globalization, including Ethiopia's domestic priorities, its trade and investment strategies, the problems of export marketing and investment assistance, market analysis, and priority markets and indicators.

However, since Economic diplomacy is one way to overcome poverty and the heart of Ethiopia's foreign relation, it is very important to assess Ethiopia's Economic diplomacy since 1991. For these reasons the study has been conducted with general objectives of assessment of Ethiopia's economic diplomacy under EPRDF. It is also attempted to identify opportunities and challenges of Ethiopia's economic diplomacy.

Therefore, from the survey result analyzed, the following finding have been reached at,

The current government has given due attention to economic diplomacy as major issue as indicated in the foreign policy objective to eradicate poverty. This means the issue of Economic diplomacy under

4. CONCLUSION

Economic diplomacy is defined as the actions of both state and non-state actors aimed at promoting cross-border trade and investment flows.

Economic diplomacy continues to be at the heart of Ethiopia's foreign policy strategy. This is because economic diplomacy is a real instrument to realize economic

current government was to overcome poverty and underdevelopment. However, even though such attempts there were certain problems such as domestic and international problems that impede the Ethiopian economic diplomacy in the post 1991 periods.

There were also different opportunities to be exploited in both domestic and international environment in order to pursue the development activities of the country and dozen of challenges that face implementation activities.

5. RECOMMENDATION

As the researcher finding, the following recommendations are given:

The government should improve its politico-legal system in order to make the domestic condition more feasible for the implementation of the objectives of economic diplomacy.

Ethiopian diplomats to undertake more efforts to bring Foreign Direct Investment (FDI) and to search for potential investors while accelerating technology transfer as per the plan set out in Ethiopia.

The government need to work with research institutes so as to strengthen the country's Economic diplomacy endeavors to bring together intellectuals, businesspersons, investors and the public with Ethiopia's foreign relations.

Professionalism should be a prior recommendation to make diplomacy a better instrument of Ethiopia's foreign policy.

The government should be use fully liberalized economy.

Ministry of Foreign Affairs with its oversea offices should be restructured and reorganized in such away to vitalize the activities of external resource mobilization.

More emphasis should be given to investment, export and tourism promotion activities than foreign aid issues because of the less sustainability of aid issues.

In order to maximize the benefit of the country in multilateral and even bi-lateral

trade negotiation, the country should train and delegate the skilled man power with negotiation capacity. And it should be the focus of economic diplomacy and foreign relation objective of the country.

Generally, in order to maximize the benefits from economic diplomacy the domestic environment is very crucial determinant. Therefore, the overall domestic environment should be given great attention especially in building the overall capacity of the country. The government still needs to work towards resolving the problems to ensure that economic diplomacy can continue play its critically important role in development.

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