

COLLEGE OF SOCIAL SCIENCES, ARTS AND HUMANITIES

DEPARTMENT OF POLITICAL SCIENCE AND INTERNATIONAL RELATIONS

ETHIOPIA AND SAUDI ARABIA: AN ASSESSMENT OF BILATERAL RELATIONS SINCE 2018

BY

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DECEMBER, 2025

ADDIS ABABA, ETHIOPIA

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A THESIS SUBMITTED TO THE DEPARTMENT OF POLITICAL SCIENCE & INTERNATIONAL RELATIONS COLLEGE OF SOCIAL SCIENCE, ARTS, AND HUMANITIES, ADDIS ABABA UNIVERSTY, IN PARTIAL FULFILMENT FOR MASTER OF ARTS IN INTERNATIONAL RELATIONS AND DIPLOMACY

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DECEMBER 2025

ADDIS ABABA

DECLARATION

I hereby declare that this this research thesis entitled '' Ethiopia and Saudi Arabia: An Assessment of Bilateral Relations since 2018'', submitted in partial fulfilment of the requirements for the award of the Master of Arts degree in International Relations and Diplomacy, is the outcome of my own original and inquiry. The study was conducted under the supervision of Bayuligne Zemedagegnehu (PhD) and complies with the University's standards of originality, academic integrity and quality.

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CERTIFICATION

I hereby certify that the thesis prepared by Seid Muhammed entitled '' Ethiopia and Saudi Arabia: An Assessment of Bilateral Relations since 2018'', submitted in partial fulfilment of the requirements for the award of the Master of Arts degree in International Relations and Diplomacy, complies with the University's standards of originality, academic integrity and quality.

Advisor: Dr. Bayuligne Zemedagegnehu

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Date : _____

SCHOOL OF GRADUATE STUDIES

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Acronyms

NPT Nuclear Non-Proliferation Treaty

OIC Organization of Islamic Cooperation

GCC Gulf Cooperation Council

UNCTAD United Nations Conference on Trade and Development

BPUH Be Peace upon Him

ODA Official Development Assistance

FDI Foreign Direct Investment

PTA Preferential Trade Agreement

UNECA United Nations Economic Commission for Africa

EPRDF Ethiopian People's Revolutionary Democratic front

MWL Muslim World League

GERD Great Ethiopian Renaissance Dam

IOM International Organization for Migration

UAE United Arab Emirates

Acknowledgements

First I would like to thank my advisor, Dr. Bayuligne Zemedeagegnehu, for his guidance, comments and corrections. This study would not have been completed without the advice of him. I would also thank my key informants for giving me their times and knowledge during my data collections. And finally I thank my mother Meseret Endris, My father Mohammed Endris and all my families for their unwavering support through all my life.

Abstract

Ethiopia and Saudi Arabia have centuries old relations since ancient times. Ethiopia's official diplomatic relations with Saudi Arabia established in 1948. These relations are not developed mainly due to mistrust between the two nations. In their bilateral relations Ethiopia and Saudi Arabia have had both challenges and opportunities. After 2018 when the new government of Ethiopia holds the power, the situation of the two countries relations has begun to change significantly. The overall objective of this research is analysing the relations of the two nations since 2018. The goal of the study is to analyse the relations between the two nations, challenges and opportunities, historical trend and factors affecting the relations. The study indicates that after 2018 the relations between them have expanded from economic interactions to political and security cooperation. However investment and trade exchanges decreased due to different factors. Generally, the bilateral relations of the two states are transforming into a wide range sectors including cultural, economic, political and security sectors and the mistrust and suspicion between the two countries relations are decreasing as the two countries are deepening their relations.

Key Words: bilateral relations, bilateralism, multilateralism, diplomacy, foreign policy, Security, migration, economy

CHAPTER ONE

INTRODUCTION

1.1 Background

Ethiopia has had a centuries old historical, cultural, religious and economic relation with Saudi Arabia. Ethiopia's official diplomatic relation with Saudi Arabia established in 1948. But their historical relations back to before the rise of Islam in Mecca. When Islam rise in mecca and its follower faced persecution from Quraysh nobilities some of them seek refuge to Axum Kingdom (Ethiopia). At that time the leader of Axum was Nejashi and he accepted them and protected them from handing them to the Quraysh nobilities (Robin 2012). The emerging of Islam and the immigration of the follower of prophet Mohammed BPUH or Sahabas to Ethiopia established a strong foundation for the relations between Ethiopia and Islamic world especially Middle East.

However, this centuries old bond has not been grown as much as it should have into strong multi-dimensional relations (Bekele, 2021). This is mainly due to mistrust between the two nations. Ethiopia was predominantly under Christian kingdoms while Saudi Arabia has been deeply rooted in Islamic traditions (Erlich, 2007). Even though religion is not the only or sole factor of relations between two nations, it has an immense influence on the relation between nations and it influenced perceptions and cultural exchanges.

The relation between Ethiopia and Saudi Arabia passed through different ups and downs. It was affected by different incidents that happened through different eras. The Arab societies have had a strong economic, political and social influence on the Horn African societies and vice-versa. The geographical proximity also contributed for strangeness of the influence (Meester, Den Berg, Verhoeven, 2018).

The relation between Ethiopia and the regions was weak in medieval era. However, trade across the red sea persisted intermittently. When Imam Ahmed Ibn Ibrahim known by his nickname in Christian Ethiopians as Gragn Ahimed rose from Harar in 1500's, Ethiopia remerged as a centre of attraction for the Middle East Islamic world.

The ultimate manifestation of this Islamic Middle Eastern–African connection was the sixteenth-century case of Ahmad Ibn Ibrahim. Prior to his emergence in 1520 as an Amir in

fthe town of Harar, he united the divided Muslims of Somalia and the present day of Sothren Ethiopia (Erlich 2007).

When Imam Ahmed Ibn Ibrahim defeated the Christian Ethiopian highland kingdoms army and incorporated Ethiopia under his leadership, many Islamic scholars began migrating to Ethiopia from Hejaz region and Yemen. This Islamic scholar's migration contributed for the expansion of Islam across Ethiopia. Imam Ahmed also got strong political, military and moral supports from Middle East Muslim powers. The Amir of Mecca of the time Barakat II sent the imam his blessing and a green holy war flag. Additionally, he had a strong military support from the Ottoman Empire (Ibid).

The spread of Islam in Ethiopia and its coastline brought cultural and religious exchanges. Muslims in Ethiopia contributed a lot in long distance commerce and trade. This trade exchange facilitated the expansion of cultural and religious exchanges between Ethiopia and Middle East.

As Marcus (1994) and Pankhurst (1998) stated Under Emperor Tewodros and Emperor Yohannes era Ethiopia had not good relations with the Islamic world. Both leaders had struggled to diminish the influence of Islam on Ethiopia. Both leaders had a hostile relation with Middle East especially with Egypt and Turks.

During Emperor Menelik II era, Ethiopia engaged in expansion in expansion and modernization. Ethiopia engaged in expansion and modernization and there were intrigues in the Arabian Peninsula, particularly in context of European colonialism in Africa. Menelik was more flexible and tolerant to religion diversification. However, Muslims were marginalised and they were under the rule of Christian administration. Jimma Abajifar was the only Muslim autonomous region in Ethiopia during the kingship of Menelik II. It had a strong religious and socio economic relation with Muslim worlds especially with Mecca and Madina Governorates (Erlich, 2007).

In 1932, Saudi Arabia founded by Malik Abdulaziz Ibn Saud as independent, sovereign and unified state splitting from the ottoman Sultanate. He conquered the Arabian Peninusula and consolidated his power. After consolidating his power on the region he named it Saudi Arabia prefixing his clan name. At that time Ethiopia was under the leadership of Emperor Haileselasie. H/selasied became a leader in 1930 in monarchical systems. The two leaders began a communication and dialogue in 1934 (ibid).

During the *Derg*[1] regime, the bilateral relations between the two nations government were described by mutual uncertainty and doubt" (Kinfe, 2004:82). The *Derg* regime was a socialist regime and it joined the Soviet led Socialist block. Saudi Arabia was against the socialist ideology and it became a foe with the *Derg* Ethiopia by supporting an Eritrean secessionists. (Erlich, 2007).

After the downfall of *Derg* and the coming of EPRDF, bilateral relations between the two nations were in progress. EPRDF acknowledged the important and high significance of the Middle East and in its foreign affairs policy it described the region a highly important region for Ethiopia's Security and Economy (Embassy of Federal Democratic Republic of Ethiopia, nd).

Under Prime Minister Abiy Ahmed, Ethiopia's foreign policy has generally changed significantly guided by Medemer (Synergy) philosophy, shifting toward economic diplomacy, strategic partnership and international engagement and diplomacy. Ethiopia and Saudi Arabia have affirmed their commitment to further strengthen and enhance their bilateral relations across several sectors. Both countries are strengthening their political and economic alliance in recent years.

The objectives of this study are therefore to analyse the multi-dimensional bilateral relations of the two nations under the government of Prosperity party, whiche led by Abiy Ahmed since 2018. The study has tried to examine factors that affect the multi-dimensional relations of the two states. It has also attempted to analyse challenges and prospects of the two nation's bila

teral relation.

1.2 Statement of the Problem

Ethiopia and Saudi Arabia have had a complex relationship marked by both cooperation and challenges. While both countries maintain significant ties, various geopolitical, economic and social factors create contested relations between the two nations. Even though both nations have common national interests, there are many national interest factors that could be a challenge for the two countries bilateral relations.

[1] *Derg* was a socialist military regime that ruled Ethiopia from 1974 to 1987. *Derg* means committee in Geez.

After Abiy Ahmed hold the leadership of the country the relations Saudi Arabia and Ethiopia have been improved. Saudi Arabia is increasingly participates in the security, economic and political spheres of East Africa. This participation contributed for the improvement and rise of the two countries relations.

Both Ethiopia and Saudi Arabia are working to further strengthening their foreign relations in economic, political, social and religious partnerships. The two countries established a joint business council for 2024-2028 terms to improve their economic relations. But regional and international instability, internal political crises still pose great challenges.

Ethiopia is also a source of huge labour force for Saudi Arabia. Ethiopia and Saudi Arabia have a bilateral agreement on the recruitment of domestic workers. However thousands of illegal migrants from Ethiopia still Cross the Red Sea through Yemen to Saudi Arabia. This creates a significant challenge for both countries.

Ethiopia and Saudi also aim to cooperate and work together in military sectors. There are different security issues that concern the two countries including terrorism, sea pirates, instability in Red Sea and Horn of Africa and illegal weapon transfer. Both countries are working to collaborate closely on exchange of military intelligence, capacity building initiative technical cooperation and mutual support.

While there are researches on the relations between the two countries, there is lack of comprehensive and up to date research on the bilateral relations of the two countries. There is a time gap of literatures after the recent political reform in Ethiopia. Most of the existing literatures focus on the historical aspect of the relation of the two countries. There is a limited academic attention towards the comprehensive ties between the two nations. This gap underscores the need for nuanced and broad understanding the economic, political, social and cultural relations, challenges and prospects of those relations between the two countries.

1.3 Research objectives

General objective

- The general objective of this study is analysing bilateral relations between Ethiopia and Saudi Arabia since 2018.

Specific objectives

- To investigate Ethiopian foreign policy dynamics towards Saudi Arabia under Prime Minster Abiy Ahmed Ali.
- To identify factors determining Ethio- Saudi bilateral relations.
- To examine prospects and challenges of Ethio-Saudi bilateral relations

1.4 Research Questions

1) What are the dynamics of Ethiopian foreign policy towards Saudi Arabia?

2) What are factors that determine the bilateral relations of the two countries?

3) What are the prospects and challenges of the bilateral relations between Saudi Arabia and Ethiopia?

1.5 Research methodology and methods

1.5.1 Research approach

This research uses qualitative research approach. The study focuses on the qualitative aspect of the relation of the two countries. The issue of international relations are heavily links with social world and human beings. Therefore the study will use quantitative research approach.

1.5.2 Data sources

There are two major ways to collect data and information. ‘’The first one is Primary sources. Primary sources provide direct and first hand data and information. The second one is Secondary sources. The secondary one is used to collect second hand information” (Kumar, 1999:104). It is better to use both primary and secondary source of data to study the bilateral relations of Ethiopia and Saudi Arabia, this research utilizes both primary and secondary source of data.

The primary sources of data for this research are obtained from an in-depth semi structured interviews and data from concerned government and other institutions.

As the secondary source of data, the study uses reports and policy documents, books, newspapers and journal articles. Policy documents from Ethiopian government, Saudi Arabia

government, reports from UN, IGAD, foreign ministry of Ethiopia and other regional and regional concerned organizations will be used as a source of secondary data.

1.5.3 Sapling Techniques and size

The study has used purposive sampling as a sampling technique. We use purposive sampling when we rely on targeted groups based on their unique expertise and experience and those groups are very small and difficult to get them. The study has used five key informants. The key informants have been selected purposively due to their connection with the Saudi-Ethio bilateral relations. The semi structured interview was held with key informant officials from MOFA, Ministry of Trade, Ethiopian Investment Commission and IGAD.

1.5.4 Instrument of data collection

A data collection instrument is a tool used to gather information from people or groups. This study has used semi structured interview as an instrument of data collections. It also used random sampling on public view of Ethiopians towards its relation with Saudi Arabia. Interviews held with Gebretsadik Tasew (Ministry of Trade and Regional Integration), Ato Mesay Woldesemayat (Ethiopian Investment Commission), Siraji Lolaso (Ministry Of Foreign Affairs), Moges Ali (IGAD) and Mohammed Awol Hagos (Center For National and Regional Integration).

1.5.4 Ethical consideration

Ethical consideration in research is very important. Therefore the researcher will be adhering the necessary research ethics and respect the codes, values and principles in the research. The respondents consent on whether to use their name or not use will be asked and agreed upon. They will be offered the clarification that the information that will give is purely for the academic purpose.

1.6 Significance of the study

The research will be significant for those who are interested in Ethio- Saudi bilateral relations. It will be important for policy makers, think tanks and investors that need the information and analysis on bilateral relation of the two countries. It will be also important for relevant government institutions and regional organizations that focus on foreign policy agenda and interactions with Gulf States and Saudi Arabia.

1.7 Scope and Limitation

1.7.1 Scope

The research focuses on bilateral relations between Saudi Arabia and Ethiopia to explore a broader dynamic of relations between the two states since 2018. The research examines the challenges, prospects and factors that determine the bilateral relations of the two states. It also explores the regional implication of the two nation's interaction. It also assesses the foreign policy agendas of the two nations with each other. The study assesses the strategic cooperation between the two states.

1.7.2 Limitations

This study has analysed a bilateral relations between Ethiopia and Saudi Arabia. In doing so, the research has faced the following limitations.

1 Reliance on secondary data

The research heavily relies on secondary data to analyse the bilateral relations of the two states. The sources were collected from government and non-government organizations, regional and international organizations like WTO, World Bank, UN, Africa union, GCC and others. It also uses sources from the two states concerned organizations. Those secondary sources give a significant and valuable insights, there may be data bias, access difficulties and difficult to control data collection process. This creates difficulty to know how data was collected and take a time to understand it.

2 Time and budget limitation

The research requires a long time and sufficient budget. This was another limitation for this research.

3 Challenging in accessing sensitive data

Most of diplomatic engagement and information are secretive and confidential. This makes challenging to get information and data from diplomatic sources easily. There has been also unwillingness to get views and thoughts the respected foreign embassies officials and officials from international organizations and experts on the matters.

1.8 Organization of the Study

The research have five chapters. The first chapter is introduction parts. The second chapter is the literature reviews on bilateral relations between the two countries. Chapter three covers the historical relations between Ethiopia and Saudi Arabia. Chapter four covers Ethiop- Saudi bilateral relations after 2018. This chapter presents the two countries relation in economy, military, culture and political spheres. Chapter five presents opportunities and challenges in Ethio-Saudi Bilateral relations. And the last chapter is conclusion and recommendations.

CHAPTER TWO

REVIEW OF RELATED LITEREATURES

2.1 Bilateral Relations: An Overview of concepts

Countries aim to create strong international allies. They aim to create a strong partnership with other countries to maximize their national interests. In an interdependent world, creating a strong alignment and relations are essential for achieving the national interests of one country. These national interests includes security issues that is safety from external threats, military terrorism, economic instability, protecting its territorial integrity and survival of the state, and other economic and social issues (Rana, 2007). .

As Giallombardo (2016) stated that multilateralism is not a recent concept and practice. After the Second World War, there has been a strong effort to strengthen multilateral relations through different mechanisms. Among those mechanisms are pursuing multilateral diplomacy, establishing multinational regional and international institutions, signing a binding international treaties and agreements. Countries do this in order to formalise cooperation, to uphold international norms, to gain political and economic benefits, to resolve disputes and to address shred challenges. The issue of disarmament regarding global efforts to reduce weapons of mass destruction weapons, combating terrorism and violent extremism, free trade economic agreements, the non-nuclear proliferation treaty (NPT) and human right treaties. Treaties on environmental protections and other socio-economic treaties are signed in order to facilitate the multi-dimensional international relations.

Multilateral diplomacy is important to achieve shared goals, to promote cooperation among states, to solve the common threats and challenges such as climate changes, terrorism, pandemic and Trans-border migrations using international and multi state discussions. , this is an undeniable reality of multilateral diplomacy. (Rana,2007).

Bilateral relations play an important role in promoting national interests, facilitating exchange of resources, fostering economic relations, promoting stabilities and contributing for international negotiations and conventions. Bilateral diplomacy is the most sigmificant tool in

serving national interests of one country and can be implemented by different mechanisms including foreign affairs ministries, consulates and embassies (Pannier, 2020).

States use foreign policy as an instrument or a means by which state influences the international world to achieve their international relations goals in global arena. Petric (2013) defined foreign policy as the instrument of one country to accomplish its national interest in global arena.

O.P Jindal Global University (2013) defines Foreign policy as the set of goals, strategies and actions that a state on non-state actor pursues in its relations with other actors in the international system to advance its national interest in global stage. It reflects the interests, values and priorities of the state and it guides its decisions, policies, mechanisms and behaviours in the international arena.

Generally, Foreign policy is a Government's strategy in dealing with other countries. It includes goals, principles and methods a country use to protect its national interests, maintain national security, foster economic growth and influence global affairs.

Bilateral relations are a very important platform to engaging in international negotiations, to serve and develop mutual interests, to facilitate economic interactions, to strengthen public relations, and to solve conflicts among nations.

Theory of bilateral relations explains how two states interact with one another, focusing on dynamics and structures, and determinants of their relationships. These theories are derived from the broader international relations paradigms. There are different international relations theoretical approaches. Those theoretical approaches of bilateral relations can be divided as anarchical and hierarchical. Among the anarchical international theories we can list realism, liberalism, neo-realism, constructivism, functionalism institutionalism and English school of thought. The hierarchical international theory includes Marxism, neo-Marxism, critical theory, dependency theory, structuralism, dependency theory, world system theory and neo structuralism.

2.2 **Theories related to bilateral relations**

There are different theories and frame works related two bilateral relations between two countries.

2.2.1 Bilateral + multilateral theory

Bilateral + multilateral theory states that bilateral cooperation is the foundation for multilateral cooperation, which enhances and expands it (Zuokui, 2022). Zuokui argues that it is difficult to build a strong multilateralism without having bilateral relations as its foundation.

According to this theory bilateral cooperation and multilateral cooperation are complement and reinforce to each other. They are not odds each other. This theory covers actors and cooperation methods that could not be included under the past concepts and theories of bilateral relations.

The model explains the basic features of cooperation which essentially the development of bilateral relations. The theory seeks balanced development, where bilateral and multilateral relations advance together with the bilateral component taking precedence. The theory's form and interactive methods align with the fundamental features and forms of overall collaborative diplomacy, stressing the development of bilateral relations and pursuit of multilateral effects on one nation's foreign relations and interactions. It is more open than the existing institutionalist analytical methods, which represents those individual actors in international relations not only bounded by their worldview and calculations but also they are bounded by the result of self-interested strategic calculations, institutions.

Ethiopia aims to strengthen its relation with the OIC, GCC , the Arab League and other regional and international multinational organizations. So, according to this theory Ethiopia needs to strengthen its bilateral relations with individual nations of the member states in order to strengthen its relations with those multinational organizations. Therefore, Ethiopia's bilateral relations with Saudi Arabia will play a significant role for its ambition to integrate with the Middle East regional blocks. As Saudi Arabia is one of the most influential and power full nation in the Middle East, strengthening a bilateral relations with the country is a very important step in order to create and develop a strong regional relations with the region.

2.2.2 World system theory of bilateral relations

It is a theory of international relations that developed by Immanuel Wallerstein in 1974. It divides the world in to three as core, semi periphery and periphery. The core represents developed countries such as Western Europe nations, United States of America and Japan.

The semi-periphery represents countries that are between core and periphery countries. The semi periphery countries are less industrialized and developed than the core states but more industrialized and developed than the periphery countries. According to Wallenstein most of countries in Asia and from Latin America countries Brazil and Argentina are in this category. The periphery countries are those who are rich in natural resources but less developed countries. The countries in Latin America and Africa are the periphery countries (Wallerstein, 2004).

According to this theory the category of kingdom of Saudi Arabia lies on the semi-periphery category while Ethiopia is a periphery country. World system theory describes the bilateral relations between core and peripheral states as economic dependency and exploitation. Even though Ethiopia and Saudi Arabia are in different groups of this category, both of their economy are dependent on natural resources than industry and manufacturing. However the natural resources that the two countries have are different. Saudi Arabia is one the largest oil producer countries in the world. Saudi Arabia is one of the major sources of the oil import for Ethiopia. Ethiopia is also rich in agricultural resource. It has a huge uncultivated arable land. Saudi Arabia is the major investor in agricultural sector of Ethiopia.

As world system theory states the bilateral relations between the countries who are in different development categories are imbalance, exploitative. Semi-periphery countries may play a role of a processing center for goods from periphery countries. Ethiopia and Saudi Arabia have not balanced economic relations.

The world system theory of bilateral relations is analytical method for understanding history and social change that provides a framework for understanding how the center-periphery dichotomy plays out in bilateral relations. Fatima (2024) argued that the world political economy has been shaped by centuries of historical and systemic inequalities, which have resulted in the perpetuation of power hierarchy between the center and the periphery. This unequal distribution of power and resource is particularly evident in bilateral relationships between countries (Fatima, 2024).

World system theory is a macro level framework for analysing global economic and political systems.it provides a useful lens for understanding bilateral relations within a broader context of global capitalist system (Christofis, 2019).

The bilateral relations between Saud and Ethiopia can be described as in unequal status. Saudi Arabia is much stronger than Ethiopia in terms of economy, power and resources.

2.2.3 Economic theories of Preferential trade agreement (PTA)

Preferential Trade Agreements (PTAs) are the main feature of trade agreements between countries in the 21st century. It is an agreement between two countries to reduce trade barriers and lowering tariffs. The purpose of PTA agreements are not to completely eliminate tariffs or trade barriers rather it aims to reduce it in order to increase the flow of goods between countries. It is a unilateral trade agreement between countries. PTAs were supposed to be expired after the establishment of WTO, however the number of PTAs are significantly increased in the after the introduction of WTO (Peinhardt, 2024).

According to the World Bank and WTO data there are more than 291 regional and bilateral PTA agreements, with every WTO member participating in at least one. Even though Ethiopia is not a member of WTO due to different reasons such as internal reforms, political and economic situations, it is a beneficial of many PTAs.

According to The observatory of economic complexity (2023) report the year trade volume between Ethiopia and Saudi Arabia in 2023 was more than 1.2 billion dollar. Saudi Arabia has a trade surplus over Ethiopia. Saudi Arabia's export to Ethiopia dominated by refined petroleum, polymers and ethylene polymers while Ethiopia's export to Saudi Arabia dominated by coffee.

While the trade volume and economic interaction between the two countries is increasing, the two nations have not PTA between them. If they made a PTA agreement, their economic interaction and trade volume would increase significantly.

2.2.4 Bilateralism

Oxford University defines bilateralism as a diplomatic approach focusing on interactions between two sovereign states, characterised by mutual consent and cooperation in political, economic and social matters. States with bilateral ties will exchange diplomatic agents such as ambassadors and diplomatic missions to facilitate cooperation and communication between the states.

So, bilateral relation is a corner stone of international relations. Two sovereign states agree on many sectors from economy to military, social and cultural relation. Bilateral agreements are more easy and simple than multilateral agreements to negotiate on specific issues between two countries.

The diplomatic relations of Saudi Arabia and Ethiopia established in first half of 20th century and since that even if there have been ups and downs they managed to continue their relation till now.

Bilateralism is the more appropriate theory for this study. Bilateralism prioritizes the specific relationship between two countries. It focuses on agreements and negotiations that are tailored to the unique

and needs of the two states involved. Negotiations and agreements are mostly confidential allowing for more candid discussions and sensitive compromises.

2.3 Review of Empirical Studies.

Ethiopia's and Saudi Arabia relation has been full of ups and downs. The mistrust and suspicion between the two countries has contributed for the ups and downs of their bilateral relations. Saudi Arabia's relations with Ethiopia have been shaped by its interest strategically, in religion and economic sectors. However after the change of dynamics in Ethiopian politics after 1991, the economic issue become more significant than other sectors. Saudi Arabia's richness and abundant oil resource had its own huge political and economic impact on Ethiopia (Bromely, 2004).

Saudi Arabia has been seeking a strategy of security policy power projection which aims to counter a regional rival like Iran, Turkiye and Qatar, foreign policy diversification, and economic market development tied to its Vision 2030 in the East Africa region. Saudi seeks stability in the region for its economic reforms, aims to secure ports and infrastructure and uses a combination of military alliance. The Horn of Africa is strategically important for Saudi Arabia due to its strategic economic, political and security interests (Sons, 2022). Due to those factors Saudi considers the region as its direct neighbourhood.

Sons further explained that Saudi Arabia increasingly sees the region as a priority to secure its red sea maritime security. Due to its geographic position to Saudi Arabia, it has a strong

connection and engagements with the country. The region is a strategic geographic position to the country.

Given the importance of the Middle East as a source of oil for many nations and its recent rise as a major tourist destination, Ethiopia's relations with these nations might potentially maximize its national interests. Political rivalry, on-going conflicts and instability, colonial legacy and geopolitical competition define the Middle East. But Ethiopia’s diplomatic wisdom will enable the country to work with all without siding with any camp or any regional actors (Genetu, 2024). Ethiopia lately sought a more varied sea access primarily for economic reasons considering the country's expanding economy, population, and desire for regional integration.

Ethiopia and Saudi Arabia are working to strengthen their bilateral relations in all sectors. They have signed several agreements to improve and expand their overall relationship. Funds are channelled through state owned companies, sovereign wealth funds, charity organizations and national institutions in the cooperation between the two states. Backing by significant political supports, State-level actors the most engaged entities in Gulf investments in the Horn of Africa. (Mosely, 2021).

Ethiopia and Saudi Arabia have a huge potential to cooperate in renewable energies. Ethiopia also poses a significant potential in halal and Islamic tourism due to Islamic heritage, natural wonders and geographical proximity with the Muslim worlds. Ethiopia is a home to numerous historical, cultural and religious sites that are ideal for the destinations of Saudi Arabia and other Muslim nation travellers.

CHAPTER THREE

THE EVOLUTION OF RELATIONS BETWEEN ETHIOPIA AND SAUDI ARABIA

3.1 Pre-Islam relations between Ethiopia and the Arabian Peninsula

History shapes the way nations interact with each other. It influences trade, diplomacy, cultural and religious interactions between the two nations. It is one of the most determinant factors for the relations of the countries whether negatively or positively. Past wars and conflicts can have a long standing impact on the bilateral relations of the country. While being in one civilization and culture, sharing historical communalities have a positive impact on the relation of countries.

History a crucial determinant of bilateral relations as it provides the context, experiences, and narratives that shape how countries perceive and interact with each other. While positive historical interactions can foster strong alliances and cooperation negative experiences led to mistrust and conflict. Understanding the historical context is therefore essential for analysing and improving bilateral relations.

Saudi Arabia is a relatively a new born country than Ethiopia. But Saudi Arabia is the continuation of the ancient Arabian Peninsula civilizations and kingdoms. Saudi Arabia or the Arabian Peninsula is known by the birth place of Islam. However Ethiopia's historical relations to the Arabian Peninsula back to a pre-Islamic era.

Ethiopia's relations with the Arabian peninsula during the pre-Islamic era was characterised by significant cultural, economic and political interactions through trade, migration and religious exchanges. The red sea trade served as an indispensible trade route between

Ethiopia and the Arabian Peninsula. Ethiopian traders had a role in transporting goods from South Arabia to other regions.

Historian J. Robin describes Ethiopia's ancient relations with the Arabian peninsula as a mixed of economic, cultural and political relations. Ethiopia and the Arabs have been strongly linked political, cultural and economic ties. Scripts from the Arabs indicate that the two people share a common language, originated from the same family. The two nations shared the same geo political positions and were a center to civilizations that have had numerous similarities. The two nations centuries-old relations were deep and intense and it has continued for thousands of years even though there have been ups and downs in their relations (Robin, 2012).

The Sematic Sabaen migrants from south Arabia mixed with the Kush peoples and established the Axum civilization. The Axum Empire then became the powerful and dominant power in the region. Its territory expanded from the current Sudan to South Arabia. It became the competitor with regional and world powers such as India, Persian Empire and Roman Empire in economic and military power. This enabled the Axum Empire to have a major influence on Middle East (Pancrust, 1998).

Harold Marcus described the Axum Empire as one of the greatest empire in the world at the time. Ethiopia had a major role in the Middle East at the time of Axum. The Axumite money was widely used in the region; this indicates how the influential and advanced the Axum Empire was. There were only few empires at the time that their own currency at the time like Rome, India and Persians. The kingdom of Axum minted its own Coins in gold, silver and bronze (Marcus, 1994).

Robin (2012) stated that the Arabs see Axum Empire as part of their civilization. The Axum Empire was the most familiar to the Arabs than other empires and they describe it as theirs civilization. Habashat (Saba'ic Habshat) were originally from the Arabian Peninsula and the migrated and settled on the Red Sea region of East Africa.

In the beginning of forth century Rome Christianity a well-established religion in Rome became an official religion of the empire at the end of forth century. Then after Christianity reached Ethiopia and expand to the Axum Empire. But as Marcus (1994) describes the conversion to Christianity was not fast and the conversion to Christianity and its expansion was slow.

Ethiopian orthodox church states that Christianity was brought to Ethiopia by two Syrians whose name were Aedisius and Frumentius, who were shipwreck victims, introduced Christianity to Ethiopia. After being shipwrecked and taken as prisoners, they came to Axum as a slave and work there as the Emperor (Marcus 1994). Then Frumentius travelled to Egypt to ask the Patriarch of Egypt to appoint him the bishop for Ethiopia. The Egyptian Patriarch Athanasius then appointed Frumentius as the first bishop for Ethiopia. After the appointment Frumentius backed to Ethiopia and continued teaching Christianity and converted King Ezana from his traditional religion to Christianity. The coming of Frumentius played a significant and profound role for Christianity in the country (Panchrust, 1998). Christianity become an official religion of the Axum kingdom and shaped the entire history of Ethiopia.

In the sixth century the Axum became a powerful Christian army that capable defending the Christian peoples in the Arabian Peninsula from the Jewish persecution. The Axum Empire became an ally of the east Roman Empire or the Byzantine to confront the mighty Persian Empire and the Jewish states in the Arabian Peninsula.

As Panchrust (1998) mentioned in the 6th century the fatal conflict happened between the Yemen Christians and the Jewish people that lived in Yemen. The Pagans were also part of this conflict. The Christians faced a persecution from Jewish and failed to defend themselves from the persecution (Marcus, 1994).after failing to defend themselves from the murdering of The Jews army, the Christian of Yemen appealed for support from the byzantine and Axum empires. They sent their appeal for both Justnius, who was the emperor of Byzantine and for Kaleb, who was the emperor of Axum.

According to Panchrust (1998), the Eastern Romans could not support the persecuted Yemeni Christians due to being too far from Yemen. Because of this geographical difficulty, the Eastern Roman Byzantine Emperor requested the Axumite Kingdom to intervene and facilitated his acquisition of the necessary fleet.

The Axum Empire responded to the appeal of Yemeni Christians by sending a large army in 517. Kaleb transported a victorious army of 120,000 men across the red sea (Panhrust 1998). The army was led by Abraha. The conquest of Arabia placed the Axum Empire among the great power of the day. The conquest created a huge impact on military, economy and social structure of the Middle East.

After rebelling against the Axum Empire, General Abreha splited from King Caleb and founded an independent state in Yemen in 543. Caleb tried to fight Abreha to incorporate the Abreha's army and make him surrendered, but their power and efforts were not enough to do so. Their failure gave Abreha the opportunity to consolidate his power and establish an independent state in the region. This gave Abreha to have domination on the east and northern Arabia route. Even though the split of Abreha from the Axum was a bad incident it gave advantage for many Axumites in their trade and commercial activities in their local and international engagements. Abreham made Sanaa as his capital (Marcus, 1994).

After consolidating his Power in Arabia, Abreham built the most magnificent and lavishly decorated cathedral of the time at Sana'a in an effort to attract pilgrims to Sana'a (Pancrust, 1998). The cathedral was called Al Qalis in Arabic. The aim of the cathedral building was to compete Kaaba in Mecca by attracting pilgrimage. Abreham was developing Sanaa as a Christian city with a sophisticated cathedral and churches. The main goal was to surpass Mecca, which was at the time under the control of Qurayish Pagans.

Failing in achieving his goal, Abraham waged war on Mecca to destroy the Kaaba[2] he commanded his army to prepare the war. Abreham's army goal was to destroy Mecca and make Sana'a a monopole center of attraction in the region. He sent a huge army consisting of thousands of elephants. The big army with elephants created an immense amazement it the residents of Mecca and Arabs. The war was between 570 or 571 and in that year, Prohet Mohammed was born in Mecca. The year was called in Arab a Year of Elephant or *Am Al-fil* (Pankhurst, 1998).

The event is a well-known historical event in Islam. It is clearly mentioned in the Qur'an and it has its own verse in Qur'an in chapter 105. The chapter states the campaign of Abreham, his goal and how Allah destroyed his aim, his army and how it was the miracle from God.

Abraha's failed to achieve its goal of conquering and destroying Mecca and making Sana'a a counter attraction of Mecca. Most of the army died including its commander Abraha. The incident of the war and the failure of Abrahm to accomplish his goals increased the esteems of Mecca and the Quraysh's prestige as the guardian of the Holy city.

[2] Kaaba is the most sacred site in Islam found inside the centere of Mecca. It is the center for Muslims for praying and used as a direction of praying. It is believed that Kaaba has been rebuilt several times. It was built by prophet Braham(Ibrahim) and His son Ismail as a place of monotheistic worship.

3.2 Ethiopia and Arabia during and after the Rise of Islam

Arab nations and Ethiopia share an intertwined history. The story of the Prophet Muhammad's instruction for his Sahabas (Companion of the Prophet) to immigrate to the Habesha from the persecution of the polytheistic nobilities, marked the Islam's interaction with Ethiopia. Prophet Mohammed (BPUH) sent his companions to Ethiopia and they sought the refuge in the Christian kingdom of Axum led by King Nejashi (Erlich 2007). In the seventh century during the persecutions of Muslims in Mecca Prophet Mohammed BPUH advised a group of his followers to seek refuge in Christian kingdom of Axum. The event is known as the first Hijra[3] in Islamic term.

Ashama Ibn Abjar (often referred to as Nejashi) welcomed the migrant followers of Prophet Mohammed and granted them asylum and protection. This made him the most respected and beloved leader in Islamic history.

The only king that responded positively for the calling of Prophet Mohammed was Najashi. This was narrated by all Islamic sources. According to Islamic narrations Nejashi also accepted Islam and this makes him the first leader to accept Islam. Two years later, King Najashi died. When Prophet Muhammed heard of the Najashi's death, he performed a funeral prayer or Salatal Ghaib- a praying for deceased Muslim whose body is not present.

The story of Prophet Mohammed and King Najashi carried out a very significant implications in Islamic world. There were many Sahabas of Ethiopian origin under the prophet hood of Mohammed. Bilal Ibn Abi Rabah was the most renowned Sahabas of Ethiopian origin. The Habeshan or Ethiopian origin, Baraka Bint Tha'alaba was the guardian and the mother after mother of Prophet Mohammed. All those factors contributed for the familiarity between Ethiopia and Prophet Mohammed.

One of the most important and significant messages that prophet Mohammed instructed for his follower is not to attack Ethiopia. In the famous hadith[4] of Sunan an-Nasai the prophet Mohammed BPUH said '' leave the Habeshans in peace as long as they leave you alone''. This marks an important historical connection between Ethiopia and the Islamic world.

[3] Hijra in Arabic means migration. According to Islamic context it is the migration of Prophet Mohammed BPUH and his followers from Mecca to Medina. It used as the base for Islamic calendar.

[4] Hadith is a collection of traditions or narrations primarily concerning the sayings, actions, and silent approvals of the prophet Mohammed.

However, the rise of Islamic power in the Arabia was one of the significant factors for the declining of the Axum Empire. As Harold Marcus stated the domination of the Muslim power grew in 8th century. This led the decline of Ethiopia's presence in red sea and Indian Ocean and changed nthe nature of Axumite state.

3.3 Ethiopia and the Arabian Peninsula in Medieval Era

The expansion of Islam further isolated the Axum Empire and it was one of the significant factors for the decline of Axum. After the end of the era of Axum Empire, the Agew dynasty succeeded it and assumed the power. At the time of the Agew dynasty there was a crusade war between the European Christian forces and the Middle East Muslim forces. At the time The Agew became a neutral and non-aligned from both sides. That contributes for the cordial and friendship relations between Ethiopia and the Muslim powers.

As Erlich (2007) mentioned strong ties with the Muslim world grew up at this time all along the coast, many of whose inhabitants visited Mecca on pilgrimage. Some also attended the Muslim schools of Madina, Cairo and other Islamic centers. The Mosque of Umayyad in Damascus had a section especially reserved for students from the horn of Africa. Islam was spreading in different parts of Ethiopia especially in south eastern part of the country. Many sultanates had been established.

After the end of the Zague era the Solomonic Dynasty succeeded it and assumed the power to rule the Christian Ethiopia. The Solomonic dynasty was more hostile towards the Muslim world than the Zague was. However, As Marcus (1994) wrote the Solomonic dynasty was able to continue its trade with the Arabian Peninsula and most of the trade items were gold, ivory and slaves. Zeila and Masawa were the main costal outlets for the exporting commodities of Ethiopia (Marcus 1994).

Then the politico-religious war became the distinctive feature of the Solomonic dynasty. The Christian Highland kingdom and the Muslim Sultanates had fought several wars that included the foreign powers. The wars between the two powers were on of the most significant chpters in the history of Ethiopia. Those wars have contributed for the form of current geo-politics of Ethiopia.

In the 16th century the Arabian Peninsula became under the control of Ottoman Empire. The Ottoman Empire was one of the most powerful empires at the time. In the on-going Christian

highland kingdom- Muslim sultanates war, the Ottoman Empire allied with the Muslim sultanates while Portugal allied with the Christian highland kingdoms. The ruler of Mecca, who was under the ottoman suzerainty, also supported the Muslim sultanates morally and materially.

During the reign of Fasiledes, Ethiopia adopted close-door policy. This policy aimed to protect Ethiopia from religion and cultural mixing from the external world. This close door policy made Ethiopia less engaged with the rest of the world including the Arab world. After the Gonder period ended the era of Zemene Mesafint[5] satrted.

During the Zemene mesafint and the imperial era Ethiopia's foreign relation was limited, sporadic and highly decentralised. Church had a significant role in monarchical fight as it had been seen as a source of legitimacy.

As Bahru (2002) stated Emperor Tewodros started as struggle to the unification and independence of Ethiopia. He saw the Muslim powers as a threat to the sovereignty and independency of Ethiopia. To resist and eliminate the Muslim Egyptian power or in Tewodros the Turkic power, he asked the European Christian solidarity against the Muslim powers. Failing to achieve his goal, he entered in a conflict with the Great Britain that conflict ended the reign of Tewodros. Tewodros's foreign policy aim was to drive out the ottoman and Egyptian powers from the region, to control the sea shore and to create strong and close relations with Europeans and finally getting Ethiopia recognised as equal state with modern powerful states.

Emperor Yohannes had also hostile relations with Arabs particularly with Egypt. Yohannes was more patience and careful in dealing with foreign powers. When diplomacy fails Yohannes used power and he was successful in defeating Egypt at the battle of Gundet and gura and Italy at the battle of Dogali. The victories of Gundet and Gura, which were remarkable in that the Ethiopians defeated an enemy which were much better an armed than their army. That victory gave Yohannes a great power to consolidate his rule and motivated him to accomplish his goal of creating a united nation (Panchrust, 1998).

[5] Zemene Mesafint was a period of Ethiopian history between the mid-18th century and 19th century. It was the era of lords that characterised by decentralised rule, feudal anarchy and the decline of central government.

While emperor Yohannes and his war commander Ras Alula were fighting Islamic and European powers, Menelik of the Shewa had signed a treaty of friendship with Italians and was receiving a large amount of military supports (Adejumobi, 2007).

Between 1875 and 1885 Harar was occupied by the Egyptians, who, for their own purposes, worked to modernize its infrastructure and to encourage the spread of orthodox Islam. Under Emperor Menelik II Ethiopia became a united country and took its current form. The South, west and South east Ethiopia were annexed to the empire and they became parts of the Christian Empire of Ethiopia (Erlich, 2007).

3.4 Modern Ethio - Saudi Arabia Relations from 1932-2018

3.4.1 Imperial Regime

In 1932, Saudi Arabia founded by Malik Abdulaziz ibn Saud as independent, sovereign and unified state splitting from the ottoman Sultanate. Saudi Arabia founded by Malik Abdulaziz Ibn Saud as independent, sovereign and unified state splitting from the ottoman Sultanate. He conquered the Arabian Peninusula and consolidated his power. After consolidating his power on the region he named it Saudi Arabia prefixing his clan name. At that time Ethiopia was under the leadership of Emperor Haileselasie. H/selasied became a leader in 1930 in monarchical systems. The two leaders began a communication and dialogue in 1934 (ibid).

(Erlich, 2007).

As Erlich (2007) mentioned when Yemen and Saudi Arabia enter in to the war in 1948, the Yemen Imam asked the Emperor H/Selassie to buy thousands of mules for war purpose and Ethiopia tried to provide the requested animals. However due to difficulties the shipment of the animals did not reach Yemen and they did not survive. In the same year Ethiopia sent a political delegation led by the then foreign minister Kassa Maru to Sana'a. The goal of sending the delegation was to show Ethiopia's goodwill toward its Arab neighbours and to mediate between the two fighting sides. After completing the Yemen mission, the delegation also went to Saudi Arabia.

When the Ethiopian delegation reached Saudi Arabia, the Saudi-Yemen war had ended and the Ethiopian delegation mediation effort was not needed. The kingdom of Saudi Arabia sent its gratitude and appreciation message for the emperor with the delegation and applauded the Ethiopian effort to mediate the conflict.

When we talk about the Ethio-Saudi relations under the Emperor Haileselasie, the Italian invasion of Etrhiopia in 1935 have not to be missed. As Erlich (2007) stated Saudi Arabia was among few States that supported the Italian Invasion against Ethiopia. Saudi Arabia was considering forming an alliance with Italy in order to balance and swipe out The Britain power from the region. Ibn Saud thought the invasion of Italy and its expansion in the region will be beneficial to erase the domination of the Britain in the region. He hoped the Italy may force the Britain to end its dominance in the region. However, Ibn Saud was cautious about Mussolini and he did not risk to fully allying with Mussolini and he hesitated to recognise the Italian occupation of Ethiopia (Ibid).

Emperor Haileselasie saw the Soviet Union as a threat to his throne. As the Soviet Union seen as an atheist, communist and anti-monarchical power, the Emperor feared that it would support the revolutionary powers in Ethiopia. The Egyptian president Gemal Abdulnasir was also another threat for the Emperor as he feared that Egypt may support the cessions of Eritrea from Ethiopia (Cannon and Rossitier, 2022).

To tackle this threat of communism and external challenges the Emperor strengthened Ethiopia's relations with the United States. He also strengthened the relations with Israel after establishing a diplomatic relations in 1956. The aim of Haileseasie to forge the relations with United States and its closest ally Israel was also to prevent the cessionist movement in Eritrea and to prevent the Somali threat in the east. This Ethiopia's foreign policy direction changed when the Emperor removed by a revolution that was a socialist movement in 1974.

3.4.2 *Derg* Regime

Bekele (2021:3) stated the following

> *Ethiopia's relations with the gulf states were not free mistrust and suspicion before 1974. Ethiopia had traditional and historical connections with Israeli people.this historical ties contributed for the suspicions between the two nations. Ethiopia was ruled by an Orthodox Christian government which were using religion as an instrument of its foreign relations. Due to this the Arab seen Ethiopia as rival and adversary power. This sentiment made the Arab nations to ally with the internal and external opponents of Ethiopia. And in reciprocal, Ethiopia continued to see the Arabs as it's historical enemy. This mistrust between the two nations has continued*

after the coming of Derg in 1974. Even after th coming of Derg the mistrust grow and the confrontations and accusations with each other also grow.

In 1974 Derg led by Colonel *Mengistu Hailemariam* deposed Emperor *Haileselasie.* According to Erlich (2007) *Mangistu's Derg* worked quickly to detach Ethiopia from its traditional roots. The revolutionary power declared the of the religious government and declared the new secular government based on socialist ideology. That event brought the Christian dominated politics and its hegemony to the end. Derg declared a Stalinist-like government that was enforced by a bloody effort. That was seen as a message that Ethiopia decoupled its traditional political culture. Resorting to a new revolutionary terminology, the Derg adopt Marxism as its state ideology.

The *Derg* was trying to establish strong relations with the Middle East countries including Saudi Arabia. When the *Derg* assumed a power it sent Diplomatic missions to Middle East. As Adejumobi (2007) stated The *Derg* sent its delegations to different Arab countries in pursuit of improving their relations with Ethiopia.

However due to the *Derg* regime was a socialist regime, Saudi Arabia was against this Ideology and became a foe with the *Derg.* The *Derg* effort failed due to Saudi and other Arab states fear of the expansion of socialism in their region. And after that they worked alongside USA to undermine the *Derg* led Ethiopian government. They supported the Eritrean cessionist struggle. The Eritrean war of independence also seen as an extension of Isreal-Arab conflict and most of the Arab countries were the supporter of this independence struggle (Cannon and Rossiter, 2022).

Soviet Union has been the largest supporter of Ethiopia from 1970s to 1990. As Cannon and Rossiter (2022) stated Soviet Union assisted Ethiopia $13 billion amount of military assistance. Despite Soviet Union's huge support, Ethiopia was not under the direct influence of the Soviet. Ethiopia had implemented its foreign policy with a significant autonomy and not accepted interference from Soviet Union or other Socialist states of the time.

At the time Somalia was preparing to invade Ethiopia. Somalia was trying to get the help of Iran, Saudi Arabia and Egypt in its war against Ethiopia to incorporate Oganden. Somalia under its leader Siad Bare had an ambition to realise its dream of Great Somalia and it was in need to strengthen its alliance with Arab states thinking that they have a close relations with US. However the US support of Somalia was not significant. The war between Ethiopia and

Somalia ended with the great victory of Ethiopia and the defeat of Somalia caused for the topple down of Siad Barre regime. That war has had a significant impact on the current geo-politics of the region.

In early February 1977, Mangistu accused Saudi Arabia of leading "an international conspiracy of reactionaries intent on creating the kind of coup that destroyed the Allende regime in Chile. Ethiopian-Somali tension continued to grow, culminating in the eruption of open war in July 1977.

As Erlich (2007) stated that despite the Mangistu- Saudi antagonism seen by many Ethiopians as the continuity of Arab- Ethiopia religious antagonism and an enmity towards Ethiopia's revolution and progress. And those forces were seen as a corrupt, feudal and reactionary force. However, despite the public rhetoric and confrontation, Ethiopia and Saudi Arabia were not fully closed their diplomatic relations. There were trade relations between them and there was pragmatism in their relations. The two countries resume diplomatic engagement and dialoge in 1987 after Soviet influence state declining in the region.

Saudi Arabia was an important destination for exports from Ethiopia. Saudis major export item to Ethiopia was crude oil. The conducive economic environment would attract the more trade and investments from Saudi Arabia. Saudi businessmen have been the largest group of FDI investors in Ethiopia (Kinfe, 1990).

After the collapse of Soviet Union and the decline of the *Derg* socialist government, the region lost the interest of great powers. The states in the Middle East also lose their interest to the Horn of Africa due to its internal political situation of the region. Eritrea become an independent state, Somalia had entered in cival war that are too bloody and protracted, and generally the region had lost its stability (Cannon and Rossiter, 2022).

3.4.3 EPRDF Regime

After the decline of the *Derg* government, EPRDF hold the power in 1991. EPRD introduced several reforms in many sectors including the political, economic and social spheres. The country's economy system changed from the Socialist economy to market oriented economic system. The year 1991 was an important turning point in the histories of both countries. Saudi

Arabia was heavily relied on the United States of America to ensure its existence and to avert the regional powers like the Sadam's of Iraq from invading its territory and endangers the continuity of the Kingdom.

According to Erlich (2007), In the 1990s, Saudi Arabia was among the most significant foreign actors in Ethiopian economy. Despite there were challenges in the relations of the two countries such as religious disputes, radicalism there were a diplomatic pragmatism and the two countries economic relations were continued. The Saudi's involvement in the Ethiopian economy were continued to growth until the incident of September 11, 2011 and after that attack on New York the countries economic engagements have slowed (Erlich, 2025).

In 1991 Ethiopia embraced a new revolutionary government. EPRDF seized a power of ruling Ethiopia. After the coming of EPRDF, Ethiopia's relations with Saudi Arabia and other Middle East countries faced challenges. Saudi Arabia's sympathy with the liberation fronts from Afar and Oromia was one of the challenges that made the relations between Saudi and EPRDF government uneasy (Erlich 2007)

The mistrust and suspicion between the two sides continued and it was the significant factor for the slow improvement for the relations between the two sides. After 1991 the new government of Ethiopia, EPRDF began to open Ethiopia to both her own diversity and the neighbouring Middle East. Both Ethiopia and Saudi Arabia not benefited from this longstanding mutual suspicion and mistrust as it is overwhelmingly negative and leads to break slowdown in communication and cooperation. The mistrust situation made the two countries not utilize their relations which have a huge potential for the both of them (Bekele, 2021).

After the coming EPRDF, Ethiopia has tried to strengthen its ties with Saudi and other Arab countries. As Bekele (2021) mentioned one of the important factor that contributed for the improvement of the relations with Saudi and other gulf states is Eritrea's split from Ethiopia. EPRD used the incident to demonstrate its willingness to respect the will of people's and its commitment to contribute the stability of the region. The new government foreign policy direction changed from ideology and military to economic spheres. To this end, it established relatively better relations with the GCC countries, especially with Saudi Arabia, the UAE, Qatar, and Kuwait.

After 1991 Ethioipian Muslims assert to actively participate in economic, political and social spheres. As Erlich (2007) stated the opening up of the culture and the economy and their engagement with the external world increased the interactions religiously. The Muslim societies reconnected with the Middle East and Christianity in Ethiopia was faced a anew influences. The polarization in the religions was increased and the Muslims in Ethiopia became more assertive than before.

The regional power competition between the regional powers and world powerful countries also contributed for the relations between Ethiopia and Saudi Arabia. When US invade Iraq and the Powerful Sadam rule collapsed the power vacuum happened in the region and Iran effectively used that vacuum to expand its influence in the region. In order to contain the expansion of Iran influence Saudi increased its engagement with the East African countries including Ethiopia (Cannon and Rossiter, 2022).

As Abebe (2011) noted, the Transitional Government of Ethiopia (TGE) changed the view of Ethiopian foreign relations from the siege mentality to the positive one. The RGE was fiving a great emphasize to forge a positive good relations with every countries who have a common interests with Ethiopia. Particularly, the new government has given attention to the Middle East and neighbouring East African countries. Due to this positive view for Middle East and other neighbouring nations there was an implications that Saudi Arabia has changed its perspective about the new government and the Ethiopia.

Erlich (2007) mentioned that the religious policy of EPRD was another factor that for the relations between Saudi and Ethiopia to be improved. EPRDF's strategy that was based on decentralization played a significant role for opening Ethiopia for Islamic organizations like Muslim World League.

As reflected in many articles in Al-'Alam al-Islami, the new Ethiopian government of EPRDF and the league were happy to accept one another. The Saudis were given free hand to become involved in, and even control, central aspects of Ethiopia's new Islamic life. In return, the MWL often praised the new system and presented its own aims as merely promoting local progress and helping Islam to defend itself. Haile Selassie.

The EPRDF era Ethiopia's foreign policy have had two main aims. The first aim was to achieve political autonomy in realising transformation and economic development. The second goal was stabilising the country by realising peace and security and ensuring the

expansion of the political crises of the neighbouring countries in to Ethiopia. Ethiopia actively participates with regional and international organizations to contain the conflicts in the region (Saker, 2022).

EPRDF program document (2005) stated ‘’after the collapse of the military regime, the policies of the *Derg*, being detrimental to the country’s development were removed; policies based on the principles of free market economy were drawn up, and their implementation initiated. Among the many states effecting a transition from a command to a free economic system the timing and execution of Ethiopia's transition managed to avoid hurdles that would further weaken the economy or aggravate the crisis. In fact, the transition was made in a manner that achieved unprecedented economic growth. In addition to the satisfactory growth achieved, the experience gained on how to secure rapid progress was rich, and a firm foundation for further development laid down. Thus, significant headways were made in the economic front.’’

Economic diplomacy is usually mentioned as one manifestation of a step forward in the economic history of Ethiopia. The EPRDF government followed economic diplomacy, which is extension of domestic policies and priorities. The new government focused on implementing effective policies regarding foreign investment, trade and other economic policies. The foreign direct investment and export centred economic policy were the primary targets of the new government. Despite all those policies and strategies, Ethiopia’s effort to attract foreign investors was not successful as expected.

Saudi Arabia has increased its influence on Ethiopia by providing loan and grants through the Saudi Fund for Development (SFD). As Guijarro (2023) stated the loans and grants by Saudi Arabia cover a variety of sectors: roads, water supply, electronics, education and health. Saudi Arabia has invested billions of dollars in African countries including Ethiopia.

According to King Salman Humanitarian Aid and Relief Center (2023) report Ethiopia is the third receptor of Saudi fund following Sudan and Somalia. Saudi Arabia has sought to improve its relations and political alliance by using humanitarian aid and financial assistance. Saudi present itself as a generous donor and reliable partner of development by doing so (Sons, 2022).

Table 1. Main recipient countries of Saudi development aid. Cumulative from 1975-2023.

Country	Funding ($)
Sudan	4,250,131,638
Somalia	1,213,685,768
Ethiopia	1,176,687,619
Eritrea	504,526,756
Mali	491,883,523
Mauritania	414,729,988
RDC	172,011,724
Uganda	146,854,494
Senegal	146,156,457
Tanzania	117,092,131

Source: https://data.ksrelief.org/

Saudi Arabia established different forums to strengthen its relations with East African nations including Ethiopia. Among those forum The Saudi-East African was the major forum that aimed to offer and create trade and investment opportunity, to boost the economic interactions between East African countries and Saudi Arabia. It align

unique opportunity for trade, investment and to promote and exhibit products and services between Saudi Arabia and the East African countries.

In 2009 the Saudi East African forum established in Addis Ababa aimed to strengthen the economic relations between East African countries and Saudi Arabia. The Establishment of this forum was seen as a positive step to strengthen the economic interaction of Saudi Arabia with the region (Abebe, 2011). Following those efforts Ethiopia's relation with Saudi Arabia steadily improved.

There was another factor that further strengthens the bilateral economic relations between the two nations. In 2000s, the price of food across the world soars dramatically. The price increase of food was alarming for Arab countries that were dependent on food imports from other countries. To minimize their vulnerability and diversify their source of foods they increased their investment in Ethiopian agricultural sectors. That incident contributed for the enhancement of the relations between the two nations.

These domestic and international political and economic changes in the 2000s had their own marks on the Ethio-Gulf relationships (Bekele, 2021). The trade relation between Ethiopia and Saudi Arabia has also increased and Saudi has become one of the top trading partners of Ethiopia after 2000s.

Trade and investments were not the only sectors in the relations between Ethiopia and Saudi Arabia under EPRDF era. The security and political engagement has been one of the most determinant factors on the relations of the two countries. The power competition between Saudi led Gulf States with Iran, The Saudi and UAE rivalry against Qatar and Turkey has also shaped the relations between the two countries and the Saudis engagement with the Horn of Africa. The power competition between the regional powers has not limited by the Saudi-Iran competition but rather Qatar was also involved in the regional power balance by shown itself as a balancer and counterweight in the rivalary (Guijarro, 2023).

The other factors that affect the relations between Ethiopia and Saudi Arabia have been the issue of migration. Hundreds of thousands Ethiopians migrate to Saudi Arabia both legally and illegally. Due to the concerns about the human rights violations of domostice workers from Indonesia and Philippines, the two countries ceased the workers agreement with Saudi Arabia. This incident created an opportunity for Ethiopian domestic workers to fill the gap, that created by the decision of Indonesia and Philippines. However the opportunity missed

due to the accusation of Ethiopian workers by neglect and murder of the children which in Saudi penal code can be penalised by death venality. There was a media campaign by Saudi authorities labelling the domestic workers from Ethiopia as a criminal to justify their crackdown the workers (Cannon and Rossiter, 2022)

In 2013 Saudi Arabia committed a brutal crackdown on Ethiopian workers by accusing them illegal migrants. In that crackdown many Ethiopians were killed. That crackdown rise the tensions between Ethiopia and Saudi Arabia. Hundreds of thousands of Ethiopian migrants returned to Ethiopia. Many more detained and tortured in several Saudi prions. Saudi was accused in human rights violation and torture.

CHAPTER FOUR

ETHIO-SAUDI BILATERAL RELATIONS AFTER 2018

In the previous chapters the historical background of bilateral relations, the theoretical frameworks, opportunities that may have a positive impacts and problems that had a negative impact on the improvement of the countries relations, are discussed. In this chapter the bilateral relations of Saudi Arabia and Ethiopia since 2018 are going to be discussed in details.

4.1 Ethiopia's Foreign Policy under Prosperity Government

Foreign policy is not a static rather it is a dynamic and exposed to change and continuity. Ethiopia's foreign policy is not far from this reality. Ethiopia changes its foreign policy with the change of its internal politics and also in accordance with external threats that influence the international relations of the country (Mersha, 2022). The gulf countries including Saudi Arabia have a significant influence on Ethiopia and the neighbouring countries. This is due to historical and cultural foundations, Geographical proximities, Economic interests, regional rivalries and security concerns.

Cardoso, Conceição, and Sardo (2021) mentioned that in post – 2000 the main direction of Ethiopia's foreign policy in the internal crises and challenges. It was directly linked to the stability of the country. Ethiopia, to ensure the stability and security of the country has taken different measures in regional and international arena. It participated in UN and African Union peacekeeping missions by contributing thousands of troops in different part of Africa including Somalia, South Sudan, Sudan and Liberia. This participation supported Ethiopia to be perceived as a peace loving and stabilizer force in the region, Ethiopia also directly intervened is Somalia as a force of stabilizing power when Somali faced a continuous civil war and instability that has posed a great threat for the region and the word.

Ethiopia was collaborating with western powers particularly with the US in combating terrorism that disrupted the stability of the region. Its collaborations with the US and other world powers in combating terrorism in the region has reflected this attitude of using diplomacy in a pragmatic way for national interests. The rise of Abiy Ahmed Ali to the post of Ethiopian prime minister on April 2, 2018, marks the triumph of political and economic reforms. The foreign policy of Ethiopia has become more proactive and assertive since the coming of Abiy Ahmed.

Ethiopia, since Abiy Ahmed took office in 2018, has been implementing comprehensive reform in nearly every sector. To build a nation competent in what is required in the socioeconomic and political spheres of the modern world requires a significant investment of time, energy, and resources, and the current administration is making every effort to realize that goal. Ethiopia's foreign policy and diplomacy are critical areas where Prime Minister Abiy Ahmed's government is making progress. In addition to the conventional hard power-based relationships, cooperation, and development, Ethiopia's foreign policy has changed significantly since he came to power. He now advocates for multilateral platforms, peaceful relationships, better neighbourhoods, and economic diplomacy (Yalemsew, 2024).

Domestic and external political change and the regional dynamic political situation contributed for the changes the dynamic of Ethiopia’s foreign policy (Edao, 2024). Before 1991 the foreign relations of Ethiopia with the neighbouring countries and Middle East nations were characterised by a mentality of threat and Siege.

In 2018 Following the end of EPRDF and the new political transition, the situation has begun to change significantly and Ethiopia’s relations with the GCC countries have further improved. As discussed below in detail, the Ethiopian government has shown its interest to work closely and cooperate with the Gulf countries in the last three years. Ethiopia and the Gulf countries signed several agreements to improve their overall relationship (Bekele, 2021).

Ethiopia has become more proactive in addressing the regional political and security issues. Ethiopia declared its willingness and readiness to create regional integrated economic and political alliance that is based on shared interest of the neighbouring states. Abiy Ahmed called for the opening of all barriers in the interaction of the region’s nations.

Realists argued that international politics differed from domestic politics due to the anarchial nature of international system. However, Saker (2022) argued that after Abiy Ahmed took the power the foreign policy was used instrumentally to create space for domestic policy manoeuvre. He also argued that the foreign polices of Ethiopia under EPRDF and after Abiy Ahmed are similar in using as an instrument to create a space for domestic policy manoeuvre except they are different in substance.

Clapham (2017) described Ethiopia as a country with a tradition of secrets in how the governments of the country formulate their international relations strategy and foreign policies. He argued that despite all countries make their foreign policies confidential, but in Ethiopia's case to get information about the policies and to understand the linkage between its foreign policies with domestic politics is much more difficult than other nations. This foreign policies secrecy creates a hindrance in analysing the making process of foreign policies of the country (Saker, 2022). Since there is a difficulty in knowing the stated foreign policy of Ethiopia, We need to look what leaders and officials do in practice. However, Geuss (2008) argued that when we said we need to look what leaders do to know the foreign policies, the idea does matter but only ideas may not able us to understand the actions of the states and it may not guide us to accurate understanding of their actions.

Even though there is not a specific principles and specific guide lines, Prime Minister Abiy Ahmed in his book Medemer (2020), stated what the foreign policy of Ethiopia will be. Abiy stated that the concept of the foreign policy of his government based on reconciling balanced competition and cooperation. He said '' our foreign relation concept is based on building on reputation we have built on the paths we have travelled so far and increasing our reserve. Based on this concept, maintaining and strengthening the basic principles of our country's foreign relations will provide us with a sufficient bases for foreign relations.

The main concerns for the foreign relations of Ethiopia under Abiy Ahmed leadership focuses on regional peace and security, the Nile water issues and its related confrontations with Egypt and Sudan, the Eritrea issue, securing the sea access for the largest land locked country, the Economic integrations with the region and beyond and improving the stability of Ethiopia.

PM Abiy further stated that our foreign policy concept believes that the primary thing to solve the problems that have strained relations is to renew relations, not to seek benefits. He

said ‘’ our first focus in foreign relations will be to strengthen relations based on cooperation with neighbouring and other countries’’.

Prime Minister Abiy criticised the previous foreign policies of Ethiopia towards the Middle East. In his parliamentarian speech Abiy illustrated that hat Ethiopia's foreign policy toward the Middle East was incorrect despite the region's long-standing historical connections, cultural links, and physical proximity, which are essential for one another. He mentioned that “…Ethiopia's previous foreign policy toward the Middle East is wholly incorrect by any measures. It is extremely important for Ethiopia's foreign relations because of its closeness, ingenuity, and a major area where many Ethiopians work. We have many things in common, so we can't overlook this area. We should assess our relationship with them and make improvements. If they are willing, we would even like to join the Arab League’’ (Yalemsew, 2024).

Saudi Arabia is one of the richest countries in natural resources and is the source of oil for many countries. Currently Saudi is under intense economic reformation. It expands its economic sector from oil reliance to many diversified economic sectors. From tourism to manufacturing, agriculture, technology and agriculture Saudi is investing trillions of dollars on it project. Ethiopia's relations with Saudi Arabia might potentially maximize its national interests. Political animosity and geopolitical competition define the Middle East. But Ethiopia’s diplomatic wisdom will enable the country to work with all without siding with any camp or any regional actors.

4.2 Saud’s Foreign Policy towards Ethiopia

When Mohammed bin Salman become the de facto leader of Saudi Arabia, it’s foreign policy has significantly witnessed a shift from a traditional and religious based conservative foreign policies to a more secular, pragmatic and economic based foreign policies. The Saudi’s foreign policy has become more assertive and proactive. Guijarro (2023) stated that Saudi only formulate a coherent and specific foreign policies after the coming of the Crown Prince. Mohammed Bin Salman focuses on diversifying partnership and policies based on nationalism than religious ideologies

Saudi Arabia has centuries old relations with African continent particularly the Horn of Africa. However, Shams (2022) argues that Saudi Arabia’s relations with the region have not

extended to the strategic domain despite the kingdom's geographic proximity to the African continent across the Red Sea.

Young and Khan (2022) stated about the current Saudi's politics and foreign relations with Horn of Africa. As they asserted Saudi Arabia is in an exceptional moment in its modern history. Saud is now more influential and confident in foreign policies and international engagements. Since 1970 Saudi Arabia has actively participated in aid, foreign investement and global partnership in security across the world.

Saudi Arabia's foreign policy regarding Ethiopia focuses on fostering diplomatic and economic ties within the context broader regional and African cooperation efforts. As Ding (2024) the war of Yemen in which the Arab gulf state involved was contributed for the more engaging of the Gulf States in the Horn of Africa. They increased their involvement in the region in military and political spheres. They established military basses, built military ports and expanded other infrastructures in order to get a power to reshape the political landscape of the region and to expand their influences. Saudi's mediation between Ethiopia and Eritrea is the manifestation of its commitment to fostering a diplomatic relations and engagement with the region.

In 2018 Saudi Arabia mediated the peace agreement between Ethiopia and Eritrea. The two rival and antagonistic countries signed a peace agreement in Saudi city of Jeddah and the agreement was known as the Jeddah peace pact which was brokered by Saudi Arabia.

`Saudi Arabia has been working to strengthen its relations through initiating forums and cooperation platforms. The Red Sea council is an example of these Saudi initiations. It established in January 2020 at the initiative of Saudi Arabia and consists of Egypt, Yemen, Jordan, Sudan, Eritrea, Djibouti and Somalia. The aim of this partnership is to improve trade and security along this waterway, which carries an estimated 13% of the world's trade. The forum has so far failed to achieve significant results, it has become an important forum for Saudi to prepare loyal regional allies and working on common security issues and stability. (Guijarro, 2023).

Saudi Arabia is a direct neighbourhood of the Horn of Africa. Saudi is a semi-land locked country that is highly affected by the situation of this region. Any destabilisation in the Horn of Africa affects the power structure within the Saudi sphere of influence. The war in Yemen accelerated the effort of Saudi Arabia to create strong relations with the horn of Africa. The

region has been considered an area of strategic influence for operating in this conflict (Gujjarro, 2023). Saudi pressured the Horn of African countries to join the GCC alliance on the war against the Yemen Ansarullah Houthis. And due to its pressure Sudan, Eritrea and Somalia participated in the conflict on the side of the Saudi block.

Containing the influence of Iran in the region was another concern for the Saudi relations with Ethiopia and other regional countries. The issue of illegal or irregular migrations from Ethiopia and other Horn African countries is also another concern for Saudi. Ethiopia has a large arable land and huge water resource. Saudi Arabia has a great concern of food security. Food security is key element that is shaping Saudi relations with its neighbours across the Red Sea. This strategy has mainly materialised through Saudi Star Agriculture Development, a company owned by Saudi-Ethiopian billionaire Mohamed Al Amoudi. The kingdom is buying up farmland in the African region to secure its own food supply.

What has become equally clear to Saudi policy officials is that areas such as the Horn of Africa as well as other parts of the continent are becoming areas of increased international geopolitical and geostrategic competition. Global powers such as China, Russia, the US, France, and to a lesser extent, the UK have sought to expand their geopolitical and economic presence, resulting in competing spheres of influence in the region (Shams, 2022).

In 2016 Saudi Arabia launched a comprehensive strategic framework to transform Saudi Arabia's economy, society and governance. It aims to achieve the goal of increased diversification economy by diversify sources through boosting non –oil sources. As Siraji (2025) stated this Saudi Vision 2030 hold a huge potential and significance for Ethiopian economy too. As Saudi aims to diversify its economy and renewable energy, Ethiopia has a lot of resource to offer to Saudi Arabia. Ethiopia has huge renewable resources. So Ethiopia can be a major destination for the future Saudi investments.

4.3 Ethio – Saudi Economic Relations Since 2018

Ethiopia has a long history of economic relations with Saudi Arabia. Ethiopia's economic relations with Saudi Arabia have shown a significance progress in the last decades. The Oil-rich Saudi Arabia has a huge economic power and it is among the richest countries in the world the ownership of natural resources. Those huge economy and abundant natural

resource make Saudi to have a huge potential in foreign direct investments. Currently, Saudi Arabia is working to reduce its oil dependency by diversifying its economic sector.

On the other hand, Ethiopia has a huge potential in different economic sectors that can make it an important destination for Saudi investment and other economic activities. Ethiopia has a huge uncultivated arable land that can create a huge opportunity for agricultural investments, a huge manufacturing potential and also tourism and other service sectors. Those potentials are compatible for Saudi's economic goal.

The economic interaction of the two countries covers wide range of areas including trade, economic aid, investment, and labour agreements. However, the main significant economic interactions between the two countries focus on trade, investment and labour agreements.

4.3.1 Ethio – Saudi Trade Relations since 2018

As Yidnekachew (2025) stated Ethiopia and Saudi Arabia are a good trade partners. They have good trade relations. Currently the two countries trade turnover reaches USD 578 million. Their trade relations increase time to time. We can say Saudi Arabia is one of the top trade partners of Ethiopia. Ethiopia's geographical proximity, product diversity of Ethiopia, Saudi's purchasing power all contributed Saudi Arabia to be one of the top destinations of Ethiopian export.

The government of Ethiopia has taken different measures to maximize exports and exploit the potential of Saudi markets through different mechanisms. As Yidnekachew (2025) stated the Ethiopian government is taking various measures including forging diplomatic and trade negotiations. There are different negotiations and agreements between Ethiopia and Saudi Arabia in different sectors. As Yidnekachew (2025) added the trade agreement negotiation is still on-going and it is not yet completed and finalised.

Saudi Arabia and Ethiopia established a joint business council in July 05, 2024. The joint business council established and signed by the Federation of Saudi Chambers and the Ethiopian Chamber of Commerce. The agreement which attended by more than 250 investors from Saudi Arabia and Ethiopian ministers, officials, and representative of government and private agencies from both side focuses on investment opportunities, trade, industry, the government policy and incentives, agriculture and other economic sectors (Saudi Press Agency, 2024).

4.3.1.1 Ethiopia Export Products to Saudi Arabia

Ethiopia's export products to Saudi Arabia mostly covered by agricultural and other primary goods. As illustrated in table 2, table 3 and table 4 Ethiopia's most export good is coffee. After coffee, flowers, meat and meat products and pulses take the most shares of Ethiopian export products to Saudi Arabia. The main reasons for this are there is a huge demand for agricultural products in in Saudi Arabia and Ethiopia's high agricultural potentiality and Saudi's high purchasing power (Yidnekachew, 2025).

From the trade partners of Ethiopia, Saudi Arabia is among the top trade partners in both import and export. The total trade volume of the two countries from 2015 to 2019 was 2.85 billion USD. Ethiopia imported nearly 2.05 Billion USD worth of goods from Saudi Arabia and exported 807.22 million USD of goods to Saudi Arabia in these five years. The trade balance shows that the trade relations between Ethiopia and Saudi Arabia were in favour of Saudi Arabia. From the total export trade volume of Ethiopia, Saudi covers 8.13% of Ethiopian export and this makes one of the most significant export destination for Ethiopia (Bekele, 2021).

In 2023 Ethiopia's export to Saudi Arabia was more than USD 230 million. Ethiopia's export to Saudi Arabia significantly increased in 2024. In both agricultural products and manufactured items, Ethiopia's export to Saudi Arabia is primarily few products.

As Yidnekachew (2025) stated that the government of Ethiopia is implementing strategies to increase Ethiopia's export through increasing the volume of export items and diversifying it. The government is engaging in diplomatic negotiation with Saudi Arabia to achieve its goal and to narrow the trade gaps between the two states as Ethiopia has a huge trade deficit against Saudi Arabia.

Table 2. Ethiopia's top ten Export items to Saudi Arabia (2022/23) or 2015 Ethiopian calendar

	Row Labels	Sum of net weight in kg	Sum of value in USD
1	Coffee	46,693,900.00	133,056,648.95
2	Flower	9,477,124.14	38,913,847.12
3	Meat and Meat Products	5,172,776.43	29,611,990.57
4	Oil Seed	2,821,062.00	4,328,353.21
5	Fruits	661,444.32	1,945,370.33
6	Live Animals	541,525.00	814,878.48
7	Spice	257,259.00	693,237.96
8	Coffee, Processed	113,171.00	538,875.42
9	Pulse	205,000.00	197,852.81
10	Spice, processed	103,773.02	111,880.07

Source: Ministry of Trade (2025)

In 2024, Ethiopia's export to Saudi Arabia significantly increased from the previous year. In 2024 too the most exported item was coffee. Saudi Arabia is the largest importer of Ethiopian coffee. In 2024 the export of textile and garment has shown a dramatic growth. It became the fifth largest export items in terms of value after oil seed. The export of vegetables also grows significantly and it becomes one of the top ten exported items to Saudi Arabia.

Table 3 Ethiopia's top ten export items to Saudi Arabia (2023/24) or 2016 Ethiopian calendar

	Row Labels	Sum of volume in kg	Sum of value in USD
1	Coffee	298,488,311.71	1,426,833,329.06
2	Flower	95,422,476.77	469,927,816.87
3	Pulse	425,986,368.60	343,842,550.87
4	Oil Seed	190,469,506.63	331,818,573.11
5	Textile and Garment	30,808,017.12	120,105,352.94
6	CHAT	11,446,151.73	118,833,693.86
7	Meat and Meat Products	11,064,751.67	70,448,403.52
8	CHAT	4,396,554.14	45,627,988.13
9	Vegetables	124,234,422.70	43,559,567.71
10	Food	12,099,444.71	30,318,552.68

Source: Ministry of trade (2025)

Even though the total export data for the year 2025 not completed yet, when we see the monthly export volume to Saudi Arabia it has a steady increase. Coffee still continues to be the top export item.

Table 4 Ethiopia's export to Saudi Arabia February 2025

Row Labels	Volume in kg	Sum of VALUE_IN_USD

(blank)	9985870.45	49,132,644.79
Coffee	6330300	36,147,205.03
Meat and Meat Products	989637	6,789,443.62
Flower	926507.55	4,052,558.44
PULSE	1160000	1211672
Oil Seed	494000	850592
Fruits	15664	51920
chemicals & construction materials	761.9	17523.7
Eucalyptus	69000	11730
Grand Total	19971740.9	98,265,289.58

Source: Ministry of Trade and Regional Integrations (2025)

In February 2025, coffee is still a top export item followed by meat and flower. In February the volume and value of meat increased and toppled flower and pulse. While textile and garment fall from top ten export items.

Table 5 Ethiopia's export to Saudi Arabia for March 2025

Row Labels	Sum of net weight in kg	Sum of VALUE IN USD
Coffee	5705795	33,053,704.17

Meat and Meat Products	872995.76	6,309,743.68
Flower	1151847.77	5,011,359.82
Spice, Processed	78500	148,611.92
Pulse	144000	128964
Fruits	121565	95,925.9
Coffee, Processed	996	12,077.28
live animals & feed	3960	3,960
Grand Total	8079659.53	44,764,346.77

Source: Ministry of Trade and Regional Integrations (2025)

In March coffee, meat and meat products and flowers are still the top three export items to Saudi Arabia. This indicates coffee is consistently the most exported item of Ethiopia and there is a huge potential market for Ethiopia's coffee in Saudi Arabia. The steady rise of meat and meat production also indicates that there is an increasing demand in Saudi Arabia for Ethiopian meat.

4.3.1.2 Ethiopia's Import from Saudi Arabia

Saudi Arabia is one of the largest sources of Ethiopia's import commodities. According to Trading Economics (2023), Saudi Arabia is the fourth largest source of imports next to China, India and Kuwait. Ethiopia's import from Saudi Arabia reached a peak in 2012 when Ethiopia imported 1.67 billion USD from Saudi Arabia. However Saudi's export to Ethiopia from 2015 to 2021 had been significantly declined. There are several reasons for the decline of Saudi's export to Ethiopia in these years. The first one is the security issue. As Yidnekachew (2025) stated that the security problem is the most significant factor for the trade relations of the two countries. Ethiopia was under the political and security crises in those years. The civil unrest, the north civil war and the political turmoil in the country hits the economy of Ethiopia. And this negatively affects the purchasing power of Ethiopian economy. The other Security incident that has affected the trade relations between the two countries is the Yemen crises. Siraj (2025) mentioned that THE War between the GCC countries and the Yemeni Ansarullah Houthis affected the two countries trade relations negatively. The Covid-19 epidemic disease has also contributed for the declining.

After 2022 Saud's export to Ethiopia has started to bounce back to its rise. This is due to the diplomatic effort of the two countries to increase the economic cooperation between them (Siraj, 2025).

Table 6 Saudi's export to Ethiopia from 2011-2023

Year	Volume of Saudi export to Ethiopia in USD in million
2011	896
2012	1,670
2013	1,180
2014	1,530
2015	532
2016	372
2017	462
2018	459
2019	459
2020	361
2021	357
2022	525
2023	1,130

Source: United Nations COMTRADE database on international trade (2025)

As the table 6 shows, Saudi's export to Ethiopia peaked in the year 2012 when its value reached USD 1,670,000,000. In 2015 Saudi's export to Ethiopia witnessed a sharp decline. The export decline after 2015 was due to different factors. As Siraji (2025) and Gebretsadik (2025) stated that the trade volume between the two countries declined due to political factors, internal instability in Ethiopia and the region, the Covid 2019 pandemic and other policy factors. In 2023, the trade relations between the two countries bounce back to its growth. As Gebretsadik (2025) stated that the two countries trade relations expected to further growth as the two countries are engaging to enhance their economic cooperation.

Table 7 Top ten Saudi exports to Ethiopia (2023)

Ethiopia Imports from Saudi Arabia	Year	Value in USD
Mineral fuels, oils, distillation products	2023	$938.47M
Plastics	2023	$151.71M
Aluminium	2023	$4.54M
Paper and paperboard, articles of pulp, paper and board	2023	$4.52M
Miscellaneous chemical products	2023	$4.08M
Edible fruits, nuts, peel of citrus fruit, melons	2023	$3.98M
Organic chemicals	2023	$3.52M
Pharmaceutical products	2023	$2.91M
alt, sulphur, earth, stone, plaster, lime and cement	2023	$1.51M
Sugars and sugar confectionery	2023	$1.51M

Source: United Nations COMTRADE database on international trade (2025**)**

As the table shows Saudis Export to Ethiopia is dominated by Mineral fuels, oils, distillation products which take 83% of total imports. The table also reveal there is inconsistency in export of Ethiopia and it affects its economic wellbeing negatively.

4.3.1.3 Trade Balance

Ethiopia has a huge trade deficit with Saudi Arabia. This creates a challenge for the trade relations between the two states. The government of Ethiopia is implementing different strategies to narrow the trade gap of the two countries (Yidnekachew, 2025). The government

of Ethiopia is negotiating with Saudi Arabia in order to increase export to the country. On July 9, 2024 the National Bank of Ethiopia implemented a market-based floating exchange rate, moving away from a fixed exchange rate. One of the aims of the reform was to make Ethiopian goods more competitive internationally by lowering their relative costs. But lowering the cost is not a sufficient factor to make goods competitive. Product diversification and value addition is also another strategy that the government of Ethiopia is implementing.

Ethiopia is undergoing a critical economic transformation which aimed to change Ethiopia's economy and exchange rate from state controlled economy to market based exchange rate and making Ethiopian economy more open to foreign business entities. Privatisation is also one the strategies of the current government.

Coffee, which constitutes 34% of Ethiopia's trade exports, remains the country's most iconic product. Ethiopia is the birthplace of coffee and Arabica coffee, and its high quality beans are prized globally. Despite the steady increase in export value, volumes have shown a limited growth due to high domestic consumption (Reqiq report, 20224). Totally Ethiopia's exports are dominated by agricultural products. This leaves the country vulnerable to price volatility and external shocks. And it significantly affects the trade balance of the country. To maximize its exports both in value and volumes, Ethiopia has to diversify the export base by expanding in value addition, manufacturing sectors and by expanding its infrastructures across the country. Ethiopia has also to improve its security and stability as it negatively affects the productivity and supply chains of the country. Upgrading transport network, including roads, railways and ports is necessary to improve connectivity and reduce high cost of transporting goods to the market.

The other important factor to increase the export items is institutional capacity. Strengthening institutional capacity is a vital factor for Ethiopia's export transformation (Reqiq report, 2024). Trade officials, exporters and all stakeholders in the export sector have to be equipped with up-to-date knowledge and skill of international trade practices and compliance with global quality standards. They have also to have knowledge of current international political and economic situations. Ethiopia is engaging with Saudi Arabia to attract more foreign direct investment. This will also help to narrow trade deficit between the two states.

4.3.2 Saudi Investment in Ethiopia since 2018

In order to attract foreign direct investment to Ethiopia, Ethiopian Investment Commission outlined the vision of the government of Ethiopia to make the country a preferred investment destination. Ethiopian Investment Commission, 2020 outlined that the vision that aims to make Ethiopia a preferred and competitive investment destination by implementing productive economic policies. The vision gives a huge focus on promoting Ethiopia's investment opportunities to attract more effective and quality foreign direct investments.

Saudi Arabia was the leading Gulf country to invest in Ethiopia, holding 233 agriculture and manufacturing investments from 2000-2017, followed by the UAE with 104 investments, Kuwait with 16 investments, and Qatar with 12 investments (Bekele, 2021). Personal connections, such as those of Saudi billionaire Mohammed al-Amoudi, who has an Ethiopian mother and business interests in Ethiopia across agriculture, mining, beverages and hotels, could pave the way for further joint ventures and higher levels of bilateral trade in oil, agriculture and services.

However when the while the Saudi investment has witnessed a decrease, UAE's investment has seen a significant increase in past years. As the following table shows, UAE is the largest Gulf state investor in Ethiopia from 2003 to 2020.

Table 8: UAE and Saudi Investments in Ethiopia (2003–2020)

	Government external direct investment in Million dollar	Private external direct investment In million dollar	official development Assistance in million dollar	Total	
Saudi Arabia	0	464.7	152.3	617	
UAE	214.2	1574.5	3109.9	4898.6	

Source: Jason Mosley (2021)

Unit: $ million.

From 2003-2017 UAE invested 4,898,600,000 USD while Saudi invested 617,000,000 USD in the same year.

Saudi Arabia has been rapid increase in investment in the Ethiopia. Ethiopia's geographic proximity with Saudi, huge natural resources, fertile arable land, huge population that is a huge potential for markets and huge economic potentials of Ethiopia has made Saudi to increase its investment in the country. However the Saudis economic and political investment and expansion has not given Saudi a significant reward (Ding, 2024). Political interventions, military outreach and infrastructure investments have not yielded the expected results. Factors such as the new Covid-19 epidemic, political changes in Ethiopia, Saudi's geopolitical competition and friction with rival countries such as Turkiye, Qatar and Iran, the political settlement of the Yemeni issue, the civil war in Ethiopia and the ineffectiveness of investments policy implementation have limited the effectiveness of the Saudi Arabia's economic involvement in the Ethiopia. The new Saudi leader Mohammed bin Salma's crackdown of Saudi's Businessmen has also contributed for the declining of the economic involvement. (Mason, 2022).

The other contributing factor for the decline of Saudi investment in Ethiopia is the absence of bilateral investment treaties between the two countries (Mesay, 2025). Bilateral investment treaties are highly important for fostering economic growth, increasing the flow of investment, and promoting economic exchanges between the two countries. Saudi Arabia and Ethiopia has not signed investment treaty. After the setbacks, the momentum of the Saudi Arabia's involvement in the Ethiopia has waned (Bekele, 2019).

Due to those factors Saudi investment in Ethiopia declined significantly. The following table shows Saudi Arabia's investment since 2015. As the data shows Saudi Arabia has invested in 7 sectors including agriculture, manufacturing, education, construction, hotel industry, real estate and other community, social and personal service activities. Ethiopia has given 32 investment project licenses for Saudi investors since 2015. However among those 32 investment projects on 8 are in operation stage. And these projects create a job opportunity for 1066 peoples.

Table 9 : Summary of Licensed Saudi Arabia Investment Projects By Sector and Status Since January 2015 May G.C

Sector	Total	Pre-Implementation	Implementation	Operation			
	No of Projects	No of Projects	No of Projects	No of Projects	Capital in '000' Birr	Perm Employee	Temp Employee
Agriculture	11	5	3	3	156,971	202	618
Manufacturing	16	7	4	5	308,090	195	51
Education	1	1					
Construction	1	1					
Hotels	1	1					
Real estate, Machinery and Equipment Rental and Consultancy Service	1	1					
Other community, social and personal service activities	1	1					
Grand Total	**32**	**17**	**7**	**8**	**465,061**	**397**	**669**

Source: Ethiopian Investment Commission (2025)

As the table shows manufacturing sector covers most of the Saudi investment. Since 2015 Saudi has had total number of 16 investment projects in manufacturing. Among the 16 projects on 5 are entered in operational the stage. The rest 7 are at pre-implementation stage and 4 are at implementation stage. Saudi's investment in Ethiopia values 308,090,000 birr

and it has created a job opportunity for 246 peoples. Among them 195 are permanent and 51 are temporary. The second largest Saudi investment sector since 2015 is agriculture. Agriculture was the largest sector which Saudi Arabia has invested in Ethiopia. Since 2015 Saudi Arabia has 11 agricultural investment projects with only 3 projects are in operational stages. The total capital value of Saudi investment in agriculture is 156,971,000 birr which is by far smaller than the previous years investment volume. In terms of Job creation, the agriculture sector creates a job for 820 peoples; among them only 202 employees are permanent employee.

Saudi investment in Ethiopia dramatically declined due to the reasons mentioned above. However as Siraj (2025) stated the Saudi investment in Ethiopia will boom in the coming years. Saudi and Ethiopia agreed to increase their economic exchanges in investment, trade, tourism, Real-estate and education. The two countries are in process of comprehensive economic agreements.

Mesay (2025) stated that The Saudi part has sent their draft on a binding framework of investment treaty with Ethiopia. Ethiopia has also responds for Saudi's draft framework. However there are a point of agreements left to reach a binding investment treaty between the two countries. There are on-going negotiations between the two sides to reach into a common framework agreement.

The Ethiopian government amended the investment proclamation of Ethiopia in 2020 to improve the role private sector in the economy, to improve issue regarding investments and to make the market open for foreign investors. This is enabling factor to attract more foreign direct investments from Saudi Arabia and other countries (Mesay, 2025).

4.4 Ethio - Saudi Political relations since 2018

The political relations between Ethiopia and Saudi Arabia improved during the EPRDF regime. However, the two countries political relations at that time were not free from suspicious and mistrust. Neither Ethiopia nor Saudi Arabia has benefited from this long-standing mutual mistrust and suspicion (Bekele, 2021). There were several factors that contributed for the mistrust and suspicion between the two countries. The first one was Saudi Arabia was still seen Ethiopia as a Christian states that is rival for Islamic countries (Siraji.

2025). The other factor undermine the relations between the two countries has been the support of Saudi Arabia for Egypt in the dispute of Nile basin.

Saudi Arabia's close relation with Eritrea, which is Ethiopia's adversary, was also another negative factor for the relations between the two countries. The Saudi- Eritrea agreement in 2015 to develop and use Assab was another negative factor. The UAE also a a part of the agreement in building air and naval base at Assab. This agreement was perceived by Ethiopia as a threat for its national security. At that time Eritrea was under a sanction of a UN Security Council the military agreement with Eritrea was in violation of this agreement (Bekele, 2021).

The rivalry between the gulf countries also affected the relation between the two countries. Ethiopia was a neutral in the crises and internal rivalries between the Arab States. The Saudi led block which consists of UAE, Egypt and Bahrain was pressuring Ethiopia to side with them. However Ethiopia refused to do so and has stayed neutral (Fakude, 2017)

After a long period of mistrust and suspicion, both Ethiopia and Saudi Arabia understood the need to avoid the mistrust between them and working to serve their mutual interests. Saudi Arabia recognized the need of Ethiopia in it's political, economic and security relations with the horn of Africa and the entire Red Sea regions (Siraji. 2025) .

Ethiopia's relations with the Saudi Arabia have shown fundamental progress following the 2018 political transition in Ethiopia. The political change in Ethiopia, which led to the coming of Abiy Ahmed to power, coupled with the growing interest of the Saudi Arabia in the Horn of Africa, allows Ethiopia and Saudi Arabia to get closer to each other and to have a relatively better and stronger relationship.

As Bekele (2021) argued that he political and economic crises in Ethiopia forced the new government to seek foreign aid to overcome the critical shortage of foreign currency. Ethiopia was seeking a viable foreign partner that can help politically and economically to overcome the crises. Saudi Arabia was the one that strongly supported the new government of Ethiopia (Siraji, 2025). There was a competition between Saudi Arabia, the UAE, and Qatar were seeking to shape and influence political transitions in Ethiopia. Ethiopia turns to Saudi Arabia and United Arab Emirates due to their huge fund the new government while maintaining its good relations with Qatar and Turkiye.

Since the transition, the feature of bilateral relations between Ethiopia and Saudi Arabia that characterised by mistrust and suspicion has been changed. The Prime minister of Ethiopia, Abiy Ahmed stressed the important of relations with the Middle East. The prime minster said that We have many things in common, so we can't overlook this area. We should assess our relationship with them and make improvements. If they are willing, we would even like to join the Arab League (Yalemsew, 2024).

In April 2018, the new Prime Minster of Ethiopia made an inaugural speech. In his first speech Abiy signalled his intention to repair relations with Eritrea. His speech was welcomed by not only many Ethiopian but also and most importantly by Saudi Arabia and the UAE, who were keen to support the rapprochement (Mosley 2020). In September 2018, Ethiopia and Eritrea signed a historic Saudi-brokered peace agreement, known as The Jeddah Peace Pact, ending a long-standing conflict. Peace Pact), ending a decades-long conflict and normalising relations between the two countries (Ding, 2024).

Mason (2022) argued there is a lack of clarity surrounding Saudi Arabia and the UAE's role in the Eritrea–Ethiopia peace deal. The circumstantial evidence suggests that $1 billion was deposited into the Ethiopian central bank, the Order of Zayed was awarded to the leaders of both states and the final peace accord was signed in Jeddah in 2018, all of which must have at least contributed to the deal. However as Sarkar (2022) stated the agreement has given the two countries to exert more influence in the region. Abiy's elevation provided them with an opportunity to increase their influence in Ethiopia. The peace agreement, if it can be called that, was signed in Jeddah in September 2018, and its substance was never made public.

Guijaro (2024) added that Saudi Arabia and other Gulf monarchies are re taking advantage of the overlap of interests among the Horn of Africa states to skilfully benefit from their relations and assets in the region and play a role as mediators. In the case of agreement between Ethiopia and Eritrea, Saudi Arabia and UAE intended to open up the economic, military and political opportunity of Ethiopia and Eritrea to the two countries interest. The UAE planned to construct pipeline between Ethiopia and Eritrea, as well as to construct rail way linking Ethiopia to port of Asab. As Eritera was joined the Saudi led Gulf States military axis in their fighting against the Houthi of Yemen, it has had a good relations with them. However Ethiopia was not joined this operation in the Gulf axis sides.

Saudi Arabia sees Ethiopia as a stabilizing force in the Horn of Africa and Red Sea area (Siraji, 2025). Due to this Saudi needs a strong political and military cooperation with

Ethiopia. So the Ethio- Eritrea peace agreement creates an opportunity for Saudi Arabia to have a strong alliance with the region. In December 2018, Saudi Arabia hosted the first meeting of foreign ministers of the countries bordering the Red Sea and Gulf of Aden, which decided to establish a joint cooperation mechanism to maintain security and stability in the region.

As Sarkar (2022) mentioned the peace agreement between Ethiopia and Eritrea was important for Ethiopia in achieving three strategic purposes. The first was the agreement signalled to the TPLF leadership that issues of existential concern to it were being ignored and that the space for negotiation (if it had existed at all) was shrinking. The second strategic purpose was that Abiy portrayed the agreement as a victory for the authentic will of the 'people' over the 'elite' who had been holding peace hostage. And finally, the agreement seems to have laid the foundation for a military understanding or pact against the TPLF – as evidenced by the intervention by the Eritrean Defence Forces (EDF) against the TPLF when war finally broke out in November 2020.

The Red Sea has not a well-developed cooperation and collaboration in economic, environmental and political spheres. The Red Sea council was established by Saud's King Salman and take shape in 2017. The aim of the council is enhancing the cooperation between the member states and enhancing the stability of the red sea

This council, which included Egypt, Jordan, Eritrea, Yemen, Sudan, Djibouti, and Somalia, aimed to increase cooperation between countries on the Red Sea to tackle piracy, smuggling, and emerging maritime threats (Shams, 2022). Ethiopia is not part the Red Sea council. However as Siraji (2025) stated Ethiopia wants to join the council. Saudi Arabia also wants Ethiopia to be a member of this council. As Ethiopia is the strongest country in the Horn of Africa, it is a vital state to stabilise the region. Due to this Saudi Arabia wants Ethiopia to be part of her block. The council member's agreement encompassed broader issues of economic development, as well as environmental and social issues to enhance the stability of the Red Sea and the Horn of Africa. Joining this council will be important for Ethiopia to integrate with the region and to make strong bilateral relations with member states.

In the Horn of Africa and Red Sea, Ethiopia and Saudi Arabia have a common goals and interests in combating terrorism, fighting sea pirates and maintaining stability in the region (Moges, 2025). So, the collective effort of the two countries in political and military aspects significantly contributes for the peace and security of the region. Saudi Arabia supports

Ethiopia in financial assistance, intelligence and other technical supports in its fighting against terrorist organizations like Al-shabab, ISIS and other regional and international terrorist organizations (Siraji, 2025).

Currently, one of the most significant foreign policy agenda of Ethiopia is getting sea access. Ethiopia is exploiting all the opportunities to achieve the sea access. A country with more than 120 million people needs the access in order to accelerate its economic growth, to increase its strategic posture and to achieve its geopolitical goals. As Siraji (2025) said in Ethiopia there is an implication that Saudi Arabia will not oppose the seeking of Ethiopia to have a sea access. There is a tendency that Saudi Arabia will support the right to get sea access as Ethiopia is a vital state to the stability of the region and the Red Sea.

Generally, Ethiopia's relations with Saudi Arabia have seen a significant growth since the coming of the leadership of Prime Minister Abiy Ahmed. Saudi Arabia's Ambassador to Ethiopia Fahd Bin Ubeydullah (PhD) explained the bilateral relations between Ethiopia and Saudi Arabia gained a great momentum after Prime Minister Abiy Ahmed assuming power (EBC, 2024). The Ambassador told EBC that Ethio- Saudi relations are witnessing a remarkable progress and great coordination at the highest levels on regional and international issues. The two countries are doing together to achieve their shared national interests like maintaining security in the Horn of Africa region, combating terrorism and human trafficking.

4.5 Public relations between Ethiopia and Saudi Arabia

Ethiopia and Saudi Arabia have positive public relations. The two countries strong historical, cultural, religious and growing economic interactions have contributed for the relations to be positive.

Ethiopia and Saudi have strong cultural and religious relations since ancient time. There are millions of Ethiopian Arabic speakers. Tens of thousands of Ethiopians travel to Saudi Arabia for Haji and Umra pilgrimage. Ethiopian Islamic scholars travel to Saudi Arabia for theology study. The government of Saudi Arabia has supported the expansion of Islamic teaching in Ethiopia (Erlich, 2017). This contributes for the public relations between Ethiopia and Saudi Arabia to be strong.

As Siraji (2025) stated Saudi Arabia is working to expand education in Ethiopia. The Saudi government gives a scholarship to Ethiopian students. Hundreds of Ethiopian students are attending their education in several Saudi Arabia universities. The Islamic University Madinah and King Abdulaziz University are top destinations for Ethiopian students. Educational programs help to build bridges between nations and foster people-to-people connections.

Siraji (2025) also stated that there are several Ethiopian community schools in different cities of Saudi Arabia. Especially in Jeddah and Riadh cities Ethiopian community schools serve not only as a mere schools, but also as instrument to strengthen public relations between the two nations.

Saudi Arabia is home to large Ethiopian diaspora. Currently, over 800,000 Ethiopians live in Saudi Arabia (Siraji, 2025). This huge diaspora is not only important for the strength of the cultural relations between the two countries but also it is a source of huge economic resources. Ethiopians in Saudi Arabia are a huge source of remittance. They are also factors for the flow of Saudi investment to Ethiopia.

Saudi Arabia is a destination for hundreds of thousands of Ethiopian migrants both in regularly and irregularly. The government of Ethiopia and Saudi Arabia have made labour agreement. Through this agreement, more than 200,000 Ethiopian workers travelled to Saudi Arabia (Siraji, 2025). There are different employee agencies that send employee to Ethiopia. This labour agreement is important for both Saudi Arabia and Ethiopia. It creates job opportunity for Ethiopia, which has a huge unemployment rate. It is also important for remittance and economic benefits. It is also important for Saudi Arabia in legalising and regulating the flow of Ethiopian migrants to the country. This is important for Saudi to overcome its security threats that posed by illegal migrants.

As Siraji (2025) stated Ethiopia and Saudi Arabia also agreed to combat illegal migrants. Saudi Arabia supports and funds Ethiopia to control illegal migrants to the country, to crack human trafficking and other security issues.

Ethiopian Diasporas in Saudi Arabia are leading advocators of Ethiopian national interest, cultural and historical realities for the Arab world. They are also engaging, countering misinformation about Ethiopia and its mega projects like a GERD and clarifying information

about Ethiopia's ambition in growing together with the region and win–win diplomatic approaches to the Arab publics through digital and mainstream media platforms.

In contemporary world, social media platforms make easy for everyone to share his/her thought in a very simple way. It makes the world more close each other than ever before. This digital platform creates an opportunity for even small countries to share their national image and perspectives, to promote their civilization and culture and to access foreign publics in simple way. This platform creates an opportunity for countries to correct the narrations of their image and cultivate relations with international community and publics.

CHAPTER FIVE

OPPORTUNITIES AND CHALLENGES IN ETHIO- SAUDI BILATERAL RELATIONS

5.1 Opportunities in Ethio-Saudi Bilateral relations

5.1.1 Economic opportunities

Ethiopia has one of the fastest growing populations in the world. It is a country with more than 132 million people according to the World Bank data, 2025. This makes Ethiopia the second largest country by population after Nigeria. Ethiopia's economic growth is among the fastest in the world. Ethiopia's estimated economic growth was 8.1% in FY2023/2024 World Bank data.

According to Ethiopian Investment Commission (2025) , Ethiopia has not only a huge population but also a large proportion of productive young age which covers 60% the total populations. All those are important factors that make Ethiopia potential investment destinations.

Saudi Arabia is dependent country on imported foods. Ethiopia has an abundant fertile arable land, suitable weather condition and huge labour force for agriculture. This is important opportunity for the two countries relation. The first one, it makes Ethiopia major exporter of agricultural products to Saudi Arabia. The exports of Ethiopia to Saudi Arabia are dominantly agricultural products. The Second one, it makes Ethiopia a preferable investment destination for Saudi investors. Ethiopia's import from Saudi Arabia is dominated by Mineral fuels, oils, distillation products which take 83% of total imports.

Ethiopia is undergoing a critical economic transformation which aimed to change Ethiopia's economy and exchange rate from state controlled economy to market based exchange rate and making Ethiopian economy more open to foreign business entities. Privatisation is also one the strategies of the current government.

Coffee, which constitutes 34% of Ethiopia's trade exports, remains the country's most iconic product. Ethiopia is the birthplace of coffee and Arabica coffee, and its high quality beans are prized globally. Despite the steady increase in export value, volumes have shown a limited growth due to high domestic consumption (Reqiq report, 20224). Totally Ethiopia's exports are dominated by agricultural products. This leaves the country vulnerable to price volatility and external shocks. And it significantly affects the trade balance of the country. To maximize its exports both in value and volumes, Ethiopia has to diversify the export base by expanding in value addition, manufacturing sectors and by expanding its infrastructures across the country. Ethiopia has also to improve its security and stability as it negatively affects the productivity and supply chains of the country. Upgrading transport network, including roads, railways and ports is necessary to improve connectivity and reduce high cost of transporting goods to the market.

The other important factor to increase the export items is institutional capacity. Strengthening institutional capacity is a vital factor for Ethiopia's export transformation (Reqiq report, 2024). Trade officials, exporters and all stakeholders in the export sector have to be equipped with up-to-date knowledge and skill of international trade practices and compliance with global quality standards. They have also to have knowledge of current international political and economic situations. Ethiopia is engaging with Saudi Arabia to attract more foreign direct investment. This will also help to narrow trade deficit between the two states.

Ethiopia is endowed with abundant renewable energy resources including hydro, wind, solar and geothermal power. The potential of hydropower and wind power generation capacity in Ethiopia is estimated to be 45 gigawatts and 1,350 gigawatts respectively ().

Ethiopian Investment Commission, 2022 stated that Ethiopia is blessed in enormous natural resources. It is endowed with wind, hydro, geothermal and solar power. The wind power generation capacity is estimated to 1,350 gigawatt while its hyderopower resource can generate above 45 gigawatt.

The huge and abundant renewable resource of Ethiopia and the Saudi's vision for renewable energy makes the two countries a potential partner in the sector. Saudi Arabia is a country with a scarce water resource and Ethiopia is a water house of east Africa. So if the two countries cooperate in these resources, they can create a strong economic partnership.

Generally, despite the current economic interaction between the two countries is increasing, there are substantial untapped economic opportunities between the two countries. The establishment of Ethio - Saudi business council is a significant step towards enhancing the economic relations between the two countries and providing a platform to explore economic opportunities and partnerships between the two countries.

5.1.2 Historical cultural heritage and tourism

Ethiopia is endowed with historical and natural attractions. The religious, cultural and traditional attractions give Ethiopia a huge opportunity to attract tourists from Islamic and Arab world. Ethiopia has a special place in the lon history of Islam (Bekele, 2021). Ethiopia is the country of Bilal Ibnu Rabah, who was the first Muaazin (the one who call for prayer) and one of the most distinguished Sahaba of comrade of Prophet Mohammed BPUH.

Ethiopia is also a land of first Hijra and even called the land of two hijra (Darul Hijratain). The only king who sheltered Muslim migrants was Ethiopian king Nejashi. Ethiopia is also the country of Umu Aymen (Bereka), who was the guardian of prophet Mohammed BPUH. Ethiopia is rich in Islamic history and Islamic heritages. All those are significant factors that can attract tourists from Saudi Arabia and other Muslim nations.

Ethiopia has an amazing natural wonders, historical sites and suitable and all types of climates that can attract peoples all over the world. The geographical proximity to the Arab world and a unique weather condition that differs from the Arab Deseret and dry weather make Ethiopia an ideal destination for the Saudi tourists. The government of Ethiopia is doing extensively to make Ethiopia a preferred tourist destination by expanding and modernising infrastructures.

One of the most important Islamic historical sites is Al- Najashi. The Mosque of Najashi is built by the migrants in 615 at Al-Najash (Mohammed, 2025). In addition, since the Middle Ages, Islamic states and civilizations have been flourished in different parts of today's Ethiopia. One of the centers of Islamic culture and heritage was the walled city of Harar. There are also other Islamic historical and religious sites in Wello, Oromia, Southern Ethiopia, in Somali regions and Afar that are not properly promoted.

Saudi Arabian travellers have developed the culture of traveling across the world as tourists, especially during the hot season. According to the Ministry of Tourism of Saudi Arabia report (2025) Saudi Arabian tourist travellers spent 28 billion USD a year on tourism abroad in 2024. So if Ethiopia promotes its untapped tourism destinations, it would be ideal destinations for the Arab tourists.

As Mohammed (2025) stated Ethiopia has to work extensively on Halal tourism as it has an immense potential on the sector. It has to expand halal hotels, resorts, praying facilities, non-alcoholic tourism institutions, Halal foods and Halal hospitalities. Ethiopia has also to work on Islamic-compliant accommodations of tourists. Halal tourism is expanding all over the world. Over 100 countries launched Halal tourism and 80 % of them are not Islamic countries. Halal tourism has grown to generate USD 301.9 billion worldwide. And its growth is the fastest among other tourism sectors.

Tens of thousands of Ethiopians also travel to Saudi Arabia yearly for Haji and Umra purposes. This creates an opportunity to enhance people to people relations between the two countries.

5.1.3 Peace and Security

Ethiopia and Saudi Arabia have common goals in stabilizing and securing the Horn Africa and Red Sea area. Horn of Africa is a hot bed of conflicts. Most of the horn African countries have not peace and stability. Somalia has been in continual civil war and crises for the past decades. Both Sudan and South Sudan are in civil war and bloodshed. Eritrea has not good relations with the International communities. All these crises are a threat for the national interests of both countries.

The Red Sea area is one of the most strategic places in the world. Its location connects vital trade routes between Europe, Africa and Asia, making it a key cheque point for global commerce and a focal point for geopolitical competition. The red sea a vital economic artery and is likely to become more in the coming decades. In geopolitical terms, it should increasingly be seen as worthy of unified policy attention on its own. More than 10 percent of global trade passes through the red sea each year, crossing each of the two of the ten most strategic water ways in the world, Bab Al Mandab in sea's southern entrance and the Suez Canal in the north (Dunne, 2025). So, the peace and stability of the Red Sea is a vital for both Ethiopia and Saudi Arabia. As Siraji (2025) stated the two countries are working together in stabilising the region. Both Ethiopia and Saudi Arabia are a major regional actors and their cooperation in the region creates a significant opportunity for stability and peace.

5.1.4 Diasporas

Migration Data Portal (2020) defines diaspora are a people who identify with a specific location but currently resides elsewhere. IOM (2019) defies it as '' a population that migrated from their homelands or a descendants of migrants, whose identify and sense of belonging have been shaped by their migration experience and belongings''.

There are hundreds of thousands of Ethiopian Diasporas in Saudi Arabia. As Siraji (2025) mentioned the number of Ethiopian Diasporas in Saudi Arabia exceeds 800,000. This huge

diaspora is a great opportunity to foster the relations between Ethiopia and Saudi Arabia. The number of Ethiopian diaspora in Saudi Arabia is increasing in past few years. This is due to the labour agreement between Ethiopia and Saudi Arabia. More than 200,000 hundred Ethiopian workers travelled to Saudi Arabia due to the agreements between the two countries. The labour agreement between the two countries will expand to different sectors. As Siraji (2025) stated the two countries are negotiating to send professional Ethiopian workers to Saudi Arabia. This will increase the people to people relations of the two countries.

Ethiopian Diaspora communities have their own schools and other cultural and religious institutions in Saudi Arabia. They have sport festivals and other cultural festivals to promote their culture to the residents and to strengthen the relations between their diaspora communities. Ethiopian Diasporas in Saudi Arabia are also active participant in business leadership. As Siraji (2025) noted that most of Saudi investors came to Ethiopia due to the efforts of Ethiopian Diaspora in Saudi Arabia.

Ethiopian Diasporas in Saudi Arabia has an immense impact on the public sentiment of Saudis towards Ethiopia. Most of the Arab public have had a negative view for Ethiopia. This is due to the perspective of Arabs that portraits Ethiopia as an enemy of Islamic world. Ethiopian Diasporas in Saudi Arabia have played an indispensible role in changing this view to positive (Siraji, 2025).

5.2 Challenges of Ethio- Saudi Bilateral relations

As the relations between Ethiopia and Saudi Arabia is a long-standing and centuries-old relation, it has the following challenges

5.2.1 Security situations and political instability of Ethiopia and the region

Ethiopia has been under civil unrest, civil war and instability in the past ten years. This creates a challenge for its bilateral relations with foreign countries economically, military and politically. Particularly, the war between Ethiopian government and the Tigray rebel forces significantly damaged Ethiopia's foreign relations. The war has had a negative impact on Ethiopia's economic growth, investment grow and infrastructure. It has had a devastating impact on Ethiopia, causing widespread displacement, significant loss of life, severe damage to infrastructure and the environment, and long term social and economic consequence. The

war has negatively affected Ethiopia's reputation as an investment destination and this resulted in a significant decline of foreign investment.

5.2.2 Illegal migration

One of the agenda between Ethiopia and Saudi Arabia has been the issue of illegal migration. Ethiopia is one of the major sources of migrations to Saudi Arabia. Many migrants use Ethiopia as a transit to migrate to Saudi Arabia. This creates a multi-dimensional challenges for both countries

Saudi Arabia is a major destination of Ethiopian irregular migrants. Thousands of Ethiopians migrate to Saudi Arabia every year. Saudi Arabia sees this migration as a threat to its security and stability (Siraji, 2025).

The human rights and mistreatment of Ethiopian migrant workers in some GCC countries have become a huge concern for Ethiopians and the Ethiopian government. As reported by many media outlets and international organizations, Ethiopians living in the GCC countries, mainly in Saudi Arabia, have been suffering from racial discrimination, physical and sexual abuses, arbitrary arrests, poor working conditions, low and tardy pay, and other kinds of violence (Bekele, 2021). Ethiopian migrants in Saudi Arabia repeatedly have their human rights violated and they are routinely in detention centers indefinitely. These kinds of violent treatment of Ethiopian migrants are common in Saudi Arabia and other gulf countries.

The Saudi Arabia border officials have been accused of the targeted killing of Ethiopian migrants to stop irregular migration. However, such violent ways to stop Ethiopian migrants were largely unsuccessful. According to IOM (2020) report most of Ethiopian migrants are unaware of the dangers that posed by the security officials of Saudi Arabia and the Yemen conflicts. According to the report only 30 percent of Ethiopian migrants seeking to find work in Saudi Arabia are aware that Yemen, the one country they must cross to reach Saudi Arabia. This unawareness causes a massive causalities on immigrants due to hunger , waterborne diseases, dehydration and abusing.

Even though the government of Ethiopia and Saudi Arabia launched a joint initiative in March 2023 to recruit 500,000 Ethiopians for domestic work in Saudi Arabia, the illegal migrations still continues (The Freedom Fund Report, 2025).

5.2.3 The Nile Issue and the Egypt Affairs

Egypt claims the hegemony on the Nile River. Ethiopia has opposed this Egyptian claim stating that The Nile River belongs to all riparian states. The two countries have made several negotiation efforts to settle the disputes among them. However Egypt has not changed its stance by claiming the water based on the Britain broker treaties that are not fair regarding the upper riparian states (Yacob, 2012).

In the history of the Nile basin there has been a huge effort towards creating hegemony. Nevertheless, Ethiopia is a source of 86% of the Nile water, it has never claimed a monopoly over this water, and at the same time has utilized a very little of this resource. Egpypt depends on 97% of its water resource from Nile, all of which comes from upstream countries (Yacob, 2012). Egypt claims a monopoly of Nile waters arguing it has historical over the river.

The Nile river issue and Ethiopia's project on the river is one of the most significant issue that affects the relations between Ethiopia and the Arabs. Egypt is a key founding member of the Arab league, a loose alliance of Arab countries that have pledged to cooperate on economic, political and military affairs between the member states. It is a regional organization with the mission to improve coordination among its members on matter of common interest. The Arab league and its member states strongly support Egypt on its dispute with Ethiopia over the Nile River.

Ethiopia has repeatedly rejected the resolutions of the Arab league and claims of Arab states which back the claim of Egypt. This indicates the Nile river disputes still affect the bilateral relations between Ethiopia and Saudi Arabia.

5.2.4 Trade Imbalance

Trade imbalance negatively impacts the trade relations between Ethiopia and Saudi Arabia. Ethiopia's trade deficit against Saudi Arabia affects its trade with it (Yidnekachew, 2025). Saudi has a significant trade surplus on Ethiopia. Ethiopia's trade deficit exists due to small production of exportable goods. Most of Ethiopia's exports to Saudi Arabia are primary

agricultural products. Heavy reliance on agriculture exports and limited diversification of export products creates a trade deficit with Saudi Arabia.

5.2.4 Low Investment return

There are different factors that contributed for the poor return of Saudi investment in Ethiopia. The lack of infrastructure and skilled workers, poor business environment, financial instability and other conditions expose Saudi Arabia to business risks in their investments. Relentless security problem, civil war, nationwide instability of Ethiopia contributed to the low investment return.

The low investment returns affects foreign direct investment inflows which makes investing in the country less attractive to foreign investors. Since foreign direct investment contributes for economic growth, declining in foreign direct investment lead to slow economic growth.

The low investment return is therefore another significant challenge on the economic relations between Ethiopia and Saudi Arabia.

CHAPTER SIX

COCLUSION AND RECOMMENDATION

6.1 Conclusion

Ethiopia and Saudi Arabia have long historical, cultural, religious and economic relations. Their historical relations back to a pre- Islamic era. The rise of Islam and the immigration of the follower of Prophet Mohammed BPUH or Sahabas to Ethiopia laid the strong foundation for the relations between Ethiopia and Islamic Arabian world. Ethiopia has had strong religious, cultural, political and economic relations with Saudi Arabia. In 1948 the two countries official relations established.

The relations between Ethiopia and Saudi Arabia are highly affected by religion. Even though religion is not the only or sole factor of relations between two nations, it has an immense influence on the relation between nations and it influenced perceptions and cultural exchanges.

Even though Ethiopia and Saudi Arabia has a long standing relations it has not been developed as much as it should be. This is mainly due to mistrust between the two nations. Ethiopia was predominantly under Christian kingdoms while Saudi Arabia has been deeply rooted in Islamic traditions.

In the medieval era, the Ethiopia -Arab relations was expressed by hostility and bitter conflict. Ethiopian rulers saw the Arabs as a threat to the Ethiopia's existence. Due to this both parts had not established constructive economic and political relations.

After 1974 In the *Derg* regime, the relations between Saudi Arabia and Ethiopian government were characterized by mutual suspicion. The *Derg* regime's alignment with the socialist power negatively affected the relations between Ethiopia and Saudi Arabia. The *Derg* was trying to establish strong relations with the Middle East countries including Saudi Arabia. However Saud Arabia had no trusted The *Derg* by seeing it a threat due to its socialist

ideology. Saudi Arabia was supporting insurgents and rebels in Eritrea. Despite the political conflicts between Ethiopia and Saudi Arabia, Saudi Arabia was a major trading partner to Ethiopia under the *Derg* regime.

Ethiopia, since Abiy Ahmed took office in 2018, has been implementing comprehensive reform in nearly every sector. Quick and everlasting policy changes are taking place both at domestic and foreign policies. Following this, the situation has begun to change significantly and Ethiopia's relations with the Saudi Arabia have further improved. In EPRDF era the economic relations between Ethiopia and Saudi Arabia were stronger than the political relations between the two states. However after the Prosperity government took the power, the political relations between Ethiopia and Saudi have become stronger. After a long period of mistrust and suspicion, both Ethiopia and Saudi Arabia understood the need to avoid the mistrust between them and working to serve their mutual interests. Saudi Arabia recognized the need of Ethiopia in its political, economic and security relations with the horn of Africa and the entire Red Sea regions.

Ethiopia and Saudi Arabia have great opportunities to strengthen their bilateral relations in more comprehensive ways. In economic term Ethiopia has a huge population with a fast growing economy. Ethiopia has an abundant fertile arable land, suitable weather condition and huge labour force for agriculture. Saudi Arabia is dependent country on imported foods. This creates an opportunity to make Ethiopia major exporter of agricultural products to Saudi Arabia.it is also an opportunity for Ethiopia to be a preferable investment destination for Saudi investors. Ethiopia and Saudi Arabia also have a huge opportunity in in tourism, cultural exchanges, people to people relations and peace and security.

However the two countries relations are not without challenges. There are several challenges that impact the relations between the two countries. The first challenge in their relation is Security situations and political instability of Ethiopia and the region. Ethiopia has been under civil unrest, civil war and instability in the past ten years. This creates a challenge for its bilateral relations with foreign countries economically, military and politically. The second challenge is illegal migration. The illegal migration issue poses a threat for both countries and it undermines the relations between them. The third challenge is the Nile issue and Egypt affairs. Saudi Arabia and other Arab countries support for Egypt's claim which is against the interest of Ethiopia poses a challenge on the relations of the two countries. Trade imbalance is the fourth challenge that impacts the trade relations between the two countries.

Ethiopia has a trade deficit with Saudi Arabia. Ethiopia's trade deficit exists due to small production of exportable goods. Most of Ethiopia's exports to Saudi Arabia are primary agricultural products. Low investment returns and poor infrastructure are other challenges that negatively impact the relations between Ethiopia and Saudi Arabia.

6.2 Recommendations

As we have seen Ethiopia and Saudi Arabia have long historical, cultural, religious and economic relations. The two countries have great opportunities to strengthen their multi-dimensional relations in different sectors. In order to strengthen their bilateral relations, the two countries should increase their diplomatic engagement. Diplomatic discussion is higly important for strengthening the two countries bilateral relations as it provides the opportunities to communicate, negotiate and build trust and mutual understanding which is fundamental for fostering economic cooperation, resolving conflict of interests.
The two countries ought to give a great emphasizes on economic sectors as the two countries have huge opportunities on agriculture, mining, tourism, manufacturing and technology. It is better for the two countries to create formal agreements and treaties to facilitate their economic interactions.

The other important issue on the two countries relations is Ethiopian diaspora in Saudi Arabia. Ethiopia has one of the largest Diasporas in Saudi Arabia. This Diaspora is a huge source of labour for Saudi Arabia and a huge source of remittance for Ethiopia. So, Ethiopia should give a great focus on training programs, standardizing contracts and improve consular services and protections for its citizens. Saudi Arabia should also to cooperate with Ethiopia on protecting the workers, prevent rights violation and illegal movement of migrants.

Finally, the two countries relations are no free from challenges. Security issues, illegal migrations, the Nile issues, poor infrastructure, internal instabilities and external challenges due to the dynamics of world politics. So it is better for the two countries to create a strong strategic alliance to establish resilient relations for challenges.

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Key informants

Gebretsadik, Tasew, Head of Desk for the Bilateral Trade Relation Department (Ministry of Trade and Regional Integration), BA degree in Law, interview date and time, 28 May 2025, 11:26 am.

Mesay, W. Semayat, Director directorate of investment treaty and legal affairs, (Ethiopian Investment Commission) , M.A degree in International relations and diplomacy, interview date and time , 10 June 2025, 9:26 am , Addis Ababa.

Moges, A. Ali , Peace and security officer, (IGAD), MA degree in Public Administration, interview date and time, 11 June 2025, 5:51 am, Addis Ababa.

Mohhammed A. Hagos, Director (Center for National and Regional Integration), MA degree in anthropology, interview date and time, 9 July 2025, 6:05 am, Addis Ababa.

Siraji, Lolaso, Minster Councillor in Saudi Arabia Affairs (Ministry of Foreign Affairs), MA degree in International relations and Diplomacy, Interview date and time, 2 June 2025, 3:44 pm.

Appendex- I

Key Informant Interview Question Guides

Research questions for Ministry of Foreign Affairs

1 What are the key historical events that have shaped the relations between Ethiopia and Saudi Arabia?

2 How would you describe the current state of bilateral relations between the two states?
3 What is the foreign policy implication of Ethiopia towards Saudi Arabia?
4 What is the current situation of military relations and cooperation between the two states?
5 What are major external and internal factors that shape for the relations between the two states?
6 What are the roles of Ethiopian Diasporas in Saudi Arabia on the relation of Ethiopia and Saudi Arabia?
7 Do cultural exchanges, religion, education programs play a role in shaping the bilateral relations of the two countries?

8 What are the foreign policy priorities for Ethiopia in its relations with Saudi Arabia?

9 What seems the difference between Ethiopia's foreign relations before the current government of Ethiopia from the previous regimes?

10 What are the major challenges for the bilateral relations Ethiopia and Saudi Arabia?

Research questions for Ministry of Trade and Regional Integrations

1 What are the major trade and investment trends between the two states?

2 What are factors affecting the economic relations between the two countries?

3 Which sectors have the most potential for future economic collaboration between Ethiopia and Saudi Arabia?

4 Are there any economic or trade agreements between the two countries?

5 what are the main challenges in the economic relations between the two countries?

Research questions for Ethiopian Investment Commision

1 What seem the investment trends between Ethiopia and Saudi Arabia?

2 What the Government doing to create attractive environment to foreign investments?

3 Can you tell me the procedure how this investment licensing activities goes on?

4 Which sectors have the most potential for future Saudi Investment in Ethiopia?

5 What are the expected benefits that these investments bring to Ethiopia?

6 What are the main challenges for the investments by Saudi in Ethiopia?

Research Question for IGAD

1 What are the current situations of the security cooperation between Ethiopia and Saudi Arabia?

2 What are the opportunities between the two countries in security cooperation?

3 What are challenges between the two countries in peace and security?

Research Questions for Center for Regional and National Integrations

1 what seems the potential of Ethiopia In halal and Islamic tourism sector?

2 Is there an effort in Ethiopia's side to attract Arab visitors?

3 What needs to expand and utilise halal tourism?

4 What are challenges in expanding halal tourism to attract Muslim visitors from around the world?

Appendex –II List of Key Informants

S no.	Name	Organization	Position	Date and place of interview
1	Siraji, Lolaso	Ministry of Foreign Affairs	Minster Councillor in Saudi Arabia Affairs	2 June 2025, 3:44 pm. Addis Ababa
2	Gebretsadik Tasew	Ministry of Trade and Regional Integration	Head of Desk for the Bilateral Trade Relation Department	28 May 2025, 11:26 am , Addis Ababa
3	Mesay, W. Semayat	Ethiopian Investment comission	Director directorate of investment treaty and legal affairs	10 June 2025, 9:26 am , Addis Ababa
4	Moges, A. Ali	IGAD	Peace and security officer	11 June 2025, , 5:51 am , Addis Ababa
5	Mohhammed A. Hagos	Center for National and Regional Integration	Director	9 July 2025, 6:05 am , Addis Ababa