



**ADDIS ABABA UNIVERSITY**  
**SCHOOL OF GRADUATE STUDIES**  
**DEPARTMENT OF POLITICAL SCIENCE AND INTERNATIONAL**  
**RELATIONS**

**THE CURRENT INTERNAL POLITICAL DYNAMICS OF ETHIOPIA**  
**AND ITS ECONOMIC IMPACT IN THE HORN OF AFRICA**

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Approved by the Board of Examiners

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## DECLARATION

I, the undersigned, declare that this thesis is my original work and has not been presented for a degree in any other university and that sources of materials used for the thesis have been duly acknowledged.

Natnael Tadesse

June 2019

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## ABBREVIATIONS

ADP	Amhara Democratic party
AEC	Africa Economic Commission
ACFTA	Africa Continental Free Trade Agreement
ADB	African Development Bank
ANDM	Amhara National Democratic Movement
APEC	Asia–Pacific Economic Cooperation
AU	Africa Union
BIAT	Boosting Intra-Africa Trade
CAFTA–DR	Central American Free Trade Agreement –Dominican Republic
CFTA	Continental Free Trade Area
COMESA	Common Market for Eastern and Southern Africa
CPA	Comprehensive Peace Agreement
CUD	Coalition for Unity and Democracy
EEBC	Eritrea Boundary Commission
EPLF	Eritrea People Liberation Front
EPRDF	Ethiopian People Revolutionary Democratic Front
ESAT	Ethiopia Satellite Television
EU	European Union

FANSPS	Foreign Affairs and National Security Policy and Strategy
FBC	Fana Broadcasting Cooperation
FDRE	Federal Democratic Republic of Ethiopia
FTA	Preferential Trade Area
FTAA	Free Trade Association of the Americas
GOSS	Government of Southern Sudan
HOA	Horn of Africa
HVDC	High voltage direct current
ICG	International Crisis group
IDMP	Integrated Development Master Plan
IGAD	Intergovernmental Authority on Development
LAPSSSET	Lamu Port-South Sudan-Ethiopia Transport
MoFA	Ministry of Foreign Africa
MoTI	Ministry of Trade and Industry
NAFTA	North American Free Trade Agreement
NGO	Non-Governmental Organization
OAU	Organization of Africa Union
ODP	Oromo Democratic Party
OFDM	Oromo Federalist Democratic Movement
OMN	Oromia Media Network
OPDO	Oromo Peoples' Democratic Organization
PTA	Preferential Trade Area for Eastern and Southern Africa
SEPDM	Southern Ethiopian People's Democratic Movement
SNNPR	Southern Nation and Nationality Region
SoE	State of Emergency
TPLF	Tigrayan People's Liberation Front

UEDF	United Ethiopian Democratic Forces and the
UNCTAD	United Nations Cooperation for Trade Development
USD	United State Dollar
WTO	World Trade Organization

## Abstract

*One of the recent important developments in the of Horn of Africa, is the internal political reform in Ethiopia. This changed the politics of the region and determined the type of relations that the Horn countries should have. As far as the relationship between the Horn countries have been characterized as hostile, and dominantly by mutual intervention through backing one another's political oppositions. However the on-going political reform in Ethiopia brought about regional peace prospect. This thesis is concerned with the study of the current internal political reform, its economic impact and the implication to regional economic integration. To this end, the study aims at describing and analyzing the extent to which factors that contributed the internal political reform of Ethiopia. Accordingly, In terms of research methodology, qualitative approach was employed. In this study, both primary and secondary sources of data was collected both from primary and secondary sources of information. The primary sources of information were collected through a series of semi-structured interviews with key informants. Apart from this, secondary sources of information were also collected from relevant literature, such as books, internet sources, journal articles, published and unpublished materials, news releases, agreements concluded and other documents are also used in the final analysis of the study. Qualitative method was used as data analysis technique.*

*The study identified the economic impact of the current political reform in Ethiopia to the neighboring countries, such as; the reform brought about rapprochement between Ethiopia and Eritrea, this lead to the opening the border that helps free movement of people and encouraged cross border trade that led to decline the price of some commodity in Eretria, lifting the sanction which helps Eritrea to apply for new sources of credit and investment, free movement, free trade and also has several economic benefits for Eritrea and prospect of Ethiopia using the port Eritrea that helps as means of income generating this event will have negative impact to Djibouti could be decline the income earned from Ethiopia import and export traffic but this can happen in long run. The study also identified some implication to the economic integration of the region; the primer has paid maximum attention to regional cooperation and integration issues. For instance by brought peace and stability in the region, Ethiopia approved its membership to the Africa Continental Free Trade Agreement it is a part of integration dimension, and Ethiopia is about to change of the Foreign Affairs and National Security Policy and Strategy by giving more attention to the neighboring countries. Based on the empirical discussions, the study concludes that the political reform in Ethiopia brought about positive economic impact to neighboring countries and has good implication to regional Economic integration.*

# 1. Introduction

## Background of the study

The Horn of Africa, an area comprising Djibouti, Eritrea, Ethiopia, Somalia, Sudan, and the South Sudan is a region of strategic importance. It is also a region in crisis. In recent decades it has been one of the world's most fragile and unstable regions (Williams, 2011).

As the host state of the African Union, Ethiopia has been playing a leading role in the cooperation and economic integration of Africa. Ethiopia is connected with all its neighbours including the new-born nation of South Sudan by road transportation and fiber optics (Markos, 2011). There is also a national program to construct railways to these neighbouring countries. The current initiative of the Ethiopian government in exporting energy to neighbouring countries has been successfully implemented to Djibouti. The initiative said be expanded to both Sudan and Kenya in the near future, to lay the base for strong economic integration in Eastern Africa (*Ibid*).

Ethiopia is influential in the region and across the continent. It is the second most populous country in Africa and one of the fastest growing economies in the world. (Cabestan, 2012) It also hosts the African Union's (AU's) headquarters in its capital, Addis Ababa as well as that of the United Nations Economic Commission for Africa (Cabestan, 2012, p53).

But its standing has been weakened by the political turmoil of the last few years when two of its largest ethnic groups, the Oromo and the Amhara both started demanding equality among other things: the Oromia Protesters objected to the Government's urban expansion plan, formally known as the -Addis Ababa Integrated Master Plan, which sought to expand the boundaries of the sprawling capital city into neighboring towns and villages located in Oromia, home to the country's largest ethnic group (Mehari, 2017). Furthermore, the instability spread to the Amhara Region, home to the Ethiopia's second largest ethnic community, demanding democracy, including the space for democratic elections; economic development and inclusivity; self-rule and ethnic identity; addressing youth unemployment and landlessness; and the constitutional accountability of the security sector (Mehari, 2017).

After three years of political unrest, instability and continuing anti-government demonstrations, led by the biggest ethnic groups, the Oromo, and the Amhara, who have had by political dissatisfaction, mainly resulted from corruption and government oppression, consequently Ethiopian Prime Minister Haile Mariam Desalegn was forced to step down in a surprising move on Feb. 15, 2018 after the government failed to maintain law and order (Mohamed, 2018).

In a speech aired live on a national TV, Prime Minister Haile Mariam Desalegn said that his resignation was to open a way for sustainable peace and democracy. Consequently his resignation paved the way for Prime Minister Abiy Ahmed, with an Oromo background, to ascend to power.

Days after his election as Prime Minister by the Parliament, Abiy Ahmed took his predominant vision of national reconciliation and forgiveness to the public as part of his tour of the country, conducting town hall meetings, speaking with community leaders and local politicians. This bolstered the image of Abiy as a messenger of hope and change who can lead the country on a democratic path ending decades of authoritarian rule that created so much division and divergence among the different ethnic communities in the country (Badwaza, 2018).

Despite resistance and dissatisfaction from some political elites in the country, such as TPLF, and other the election of Abiy has opened a new political chapter in Ethiopia's political history and offers possible far-reaching ramifications the countries future. Abiy has immediately introduced several reforms that have raised huge expectations among Ethiopians that the new government is keen on introducing significant political, economic and social reforms in the near future.

One of the most significant items on his agenda has been the signing of the 'Friendship and Cooperation' Agreement with Eritrea, he also released thousands of political prisoners, including some high profile opposition figures, as well as civil society leaders and journalists (Badwaza, 2018). He lifted the draconian state of emergency in June and, publicly announced plans to amend the constitution to introduce term limits on the tenure of the Prime Minister furthermore he invited exiled opposition politicians to return home and participate the countries politics and moved to lift the terrorist designation of three major opposition political parties. As a result, many opposition parties including those engaged in armed struggle, have returned home pledging to participate in peaceful political activities, Abiy's reforms focus on both domestic and

regional politics as well. His rapprochement in the region especially his improvement of Ethio – Eritrea relation are expected to have wider implication including in the realm of economic development (Badwaza, 2018).

## **Problem Statement**

The economic fortune of each state in the HoA region has always been inextricably intertwined with that of neighbouring states. For long Horn of Africa has remained as one of the unstable sub region of Africa. Interstate and intra state wars are common experience of all states in the sub region to the varying degrees and extents. The long history of conflict in the region has been a huge obstacle to the economic development (Love, 2009).

For years member states in the sub-region have been deeply involved in warfare with one another and have consistently worked to undermine or rearrange one another's regimes. The imperative to weaken hostile neighbours by all means possible has been undermining prospects for mutually beneficial economic development (Chatham House, 2011)

The Eritrea-Ethiopia War (1998-2000) negatively affected the Eritrean economy for a prolonged period of time; Eritrean economy has been in a state of crisis with food and oil shortages. With the outbreak of the conflict, the formal and informal trade links and food imports from Ethiopia was stopped, and left the Eritrean people suffering from acute food shortage (Ravinder, 2004).

Ethiopia had been serving Eritrea as a source for industrial raw materials and market place for its manufactured products (Belay, 1996). Because of the conflict and later the strained relation, their past economic linkage closed and hence invited them to face a multiple of economic problems. Eritrea lost its past sources for industrial raw materials and food produces and forced to depend on the Diaspora remittance for survival, Ethiopia also lost its outlet to the sea which has had a huge impact on its international trade (Phillips, 2006)

On the other hand Djibouti which has maintained close political and economic linkages with Ethiopia positively benefited. Following the Eritrea-Ethiopia (1998-2000) war, the Port of Djibouti became primary outlet to the sea for landlocked Ethiopia as the latter channelled almost all of its imports and exports through Djibouti and relocated its merchant fleets to the Djibouti's port. Currently, the port of Djibouti handles about 95% of Ethiopia's import- export businesses

(Styan, 2013). Djibouti, too, relies on its larger neighbour, from which it imports many items including freshwater and electricity. Profits from Ethiopia's use of Djiboutian ports—estimates top \$1 billion annually—are a key source of Djibouti's government revenue. But Assuming normalization efforts continue, Ethiopia could soon have the option to use Eritrea's ports, which are closer and more convenient than Djibouti. While it is unlikely that Ethiopia will cease using Djiboutian ports altogether, it will have options—and thus will be less inclined to settle for usurious port usage rates (*Ibid*).

On one hand, the Ethiopia-Eritrea conflict, chaos in Somalia, civil war in Sudan, Sudan-South Sudan issues, and the current crisis in South Sudan are major threats to stability in the Horn of Africa with negative consequences on the integration schemes in the sub-region this legacy of conflict is a profound lack of trust between governments, affecting their willingness to enter into long-term economic agreements for mutual benefit. (Healy, 2011:19.) The general unstable nature of the sub region as well as various stability problems in the two countries might have their own impacts to create a viable environment for cooperation and integration of the two countries in particular and the Horn of Africa in general.

Today the new internal political developments in Ethiopia promise the resolution of the boundary conflict and hence durable peace between Eritrea and Ethiopia. Therefore reconciliation between Eritrea and Ethiopia has ushered in a regional peace process. Peace between the two countries has paved the way for regional cooperation in security and development. So this study tried examined the Economic impact of the current Ethiopian internal political dynamics to the horn of Africa and its implications in the sub-regional Economic Integration.

## **Objectives of the Study**

### **General Objective**

The general objective of this study is to examine the current Internal Political Dynamics of Ethiopia, and its Economic impact in the Horn countries and the implications to regional integration scheme.

## **Specific Objectives**

In the light of the aforementioned general objective, this study seeks to address the following specific objectives, and in the process of analysing the relevant issues attempt are also be made to

- Explore the historical evolution of the contemporary internal political dynamics of Ethiopia;
- Identify the major challenges of the contemporary internal political dynamics of Ethiopia;
- Explore the Economic Impact of the current internal political dynamics of Ethiopia to the Horn of Africa; and
- Examine the implications of the contemporary internal political dynamics of Ethiopia for the sub-regional Economic integration schemes in the Horn of Africa.

## **Research Questions**

### **General Research Question**

The research question of the study is designed in a way to enable the researcher answer the stated objectives of the study. Thus, the central research question of the study is: What are the economic impacts of the contemporary internal political dynamics of Ethiopia on the Horn of Africa?

### **Specific Research Questions**

Based on the research problem and the aforementioned general and specific objectives, the study has examined and analyzed the following specific research questions.

- What are the factors that contributed to bring about the contemporary internal political dynamics of Ethiopia?
- What are the challenges to the current internal political dynamics of Ethiopia on the economy of the sub region?
- What are the economic impacts of contemporary internal political dynamics of Ethiopia on the Horn of Africa?

- What would be the implications of contemporary internal political dynamics of Ethiopia on the sub-regional Economic integration schemes of the Horn of Africa countries?

## **Significance of the study**

The findings of the study will be useful in the following ways:

- In the study of international relations lots of researches have been conducted on the bilateral and multilateral interstate economic relations as well as on regional issue. In the Horn of Africa too different studies have been done at different times. Accordingly this thesis is a timely that deals with the current political dynamics of Ethiopia and its economic impacts on the Horn of Africa, by doing so it will enrich our knowledge on the International Relations of the Horn of Africa by identifying the internal political dynamics of Ethiopia for interstate economic relation and economic integrations in the Horn of Africa sub region.
- Contribute to the existing body of knowledge in the field of study;
- Provide reliable information that could be used by development agents, researchers, Non-Governmental Organizations (NGOs), etc.
- Contribute to the attainment of sustainable peace and stability of the region

## **Research Design and Methodology**

### **Approach of the Study**

According to Kenneth (2007), qualitative research is important to promote understanding than explaining cause and effect relationships. This study are explore and analyzed the historical development of the contemporary internal political dynamics of Ethiopia and its economic impact in the Horn of Africa. To properly address the research problem, the study will employed qualitative research approach. This is because qualitative approach is helps to collect a wide range of data from numerous sources, and provide an interpretive and complete understanding of the issue under study, both being relevant for a research of this sort (Creswell, 2007). It will be an inductive approach, and its goal is to gain a deeper understanding of a person's or group's experience.

## **Methods of Data Collection**

The study used primary and secondary sources of data. The primary sources of information collected through semi-structured interviews with some key informants. They are selected from different institutions like from among federal officials in the Federal Democratic Republic of Ethiopia (FDRE), the Ministry of Foreign Affairs (MoFA), Ministry of Trade and Industry, Diplomatic Missions of Eritrea, and South Sudan in Ethiopia.

For this study the key informants were selected purposively on the basis of their specialist knowledge and positions that enable them to have some knowledge of the current internal political reform of Ethiopia and its economic impact in the horn of Africa. They are from Ethiopian Ministry of Foreign Affairs, Ministry of Trade and Industry, south Sudan Embassy, and Eritrea Embassy. Nine key informants were interviewed on the semi-structured questions attached at the end of this thesis (appendix 2). The plan to get key informants from Embassy of Republic of Djibouti, Sudan, and Somalia in Addis Ababa failed due to lack of cooperation.

In addition, Secondary data are gathered from relevant literature, such as books, internet sources, journal articles, published and unpublished materials, news releases, agreements concluded and other documents dealing with the current internal political dynamics and its economic impact in the Horn of Africa. Most of these secondary sources are accessed through the internet, the bilateral treaties, Agreed Minutes of Joint Ministerial Commission meetings and other related documents are accessed from the archive department of MoFA. Data on trade performance between Ethiopia and the Horn Countries are obtained from FDRE Ministry of Trade and Industry import and export promotion databases.

## **Data Analysis and Interpretation**

The data collected through key-informant interviews, and document analyses are largely qualitative nature. Thus, the study employed qualitative method of data analysis. In analyzing the data, an inductive, recursive and interactive analysis is used to -build ... patterns, categories, and themes from the "bottom-up," by organizing the data into increasingly more abstract units of information (Creswell , 2007: 38).

## **1.7 Scope of the study**

The political change in Ethiopia has been perhaps the most impactful development in the politics of the Horn of Africa in recent years. The political and economic fate of each state in the region has always been inseparably intertwined with that of the neighbouring states. The recent relations between Ethiopia and Eritrea are the result of internal political dynamics of Ethiopia and it has triggered a landslide of speculation as to how this improved relationship could reshape the economic landscape of the horn of Africa region. Due to this reality, an attempt has been made to extend the economic impacts of the current internal political dynamics to the Horn of Africa. In this thesis the notion of the term 'Horn of Africa' is used in the sense of which comprises Djibouti, Eritrea, Ethiopia, Kenya, Somalia, South Sudan, and Sudan.

### **Limitation of the study**

As far as limitations are concerned, it is important to clearly note a major limiting factor in the conducting of this thesis was the primary data obtained for the study limited to Ethiopian side. Due to financial problems making and time visit to the rest of Horn of Africa was impossible. The plan to get key informants from Embassy of Republic of Djibouti, Sudan, and Somalia in Addis Ababa failed due to lack of cooperation. However, with exertion of time and resource, the researcher collected all the possible and reliable data for the study from Ethiopian Ministry of Foreign Affairs, Ministry of Trade and Industry, Embassy of Eritrea, and Sudanese Embassy through interview.

### **Organization of the study**

The study consists of five Chapters. The first chapter is the introductory part, comprising background of the study, statement of the problem, objectives of the study, research questions, methodology, method of data collection, the significance of the study and organization of the study. The second Chapter deals with the review of related literature and offers a theoretical and conceptual framework. The third chapter were exploring the historical evolution and challenges of the contemporary internal political dynamics of Ethiopia. Chapter four discussed and explore the economic impact of the current internal political dynamics of Ethiopia to the Horn of Africa;

Chapter five examined and analyses the implications of the contemporary internal political dynamics of Ethiopia to the sub-regional economic integration schemes in the Horn of Africa.

Data from official reports, the interviews with key informants and other literature will be critically analyzed in this part of the paper. The last chapter summarizes the main points of the study and focuses on the key findings and conclusions with possible suggestions for further research.

## **Chapter Two: Literature Review, Theoretical and Conceptual Framework**

### **1. Introduction**

This chapter consists of two major sections. The first section is the conceptual and theoretical perspective, which has the purpose of clarifying and defining concepts that are being used in the remaining parts of the study, and the theoretical perspective that provides some important international relation theories relevant to analyze the current internal political dynamics, and its economic impact in the Horn of Africa. The second section background of the Study that is, Ethiopian economic relation with the neighboring countries since 1991.

#### **Conceptual Perspective**

##### **2.1.1 Horn of African**

Defining the Horn geographically speaking, the Horn of Africa (HoA) refers first and foremost to the area of Ethiopia, Somalia, Djibouti, and Eritrea, which constitute the horn-shaped landmass which extends from the Red Sea and the Gulf of Eden outwards the Indian Ocean (Breouk, 2011). Politically defined, the 'Greater Horn' commonly includes Sudan and South Sudan, and in some cases Kenya and Uganda as well. The International Crisis Group defines the Horn of Africa as Ethiopia, Eritrea, Kenya, Somalia, South Sudan, Sudan and Uganda (International Crisis Group, 2010).

The Horn of African states have been characterized dominantly by mutual intervention through backing one another's political oppositions. The reciprocal interventions using intrastate protagonists remain one of the major instruments of foreign policy among the countries of the region. This strategy is aimed at weakening actual and presumed adversaries with the hope of strengthening their bargaining position in their dealing with each other (Kassahun, 2013).

The Horn of Africa is one of the most insecure regions in Africa. This insecurity manifests itself in many ways, including conflict and terrorism, and driven by al-Shabaab activities, the region has established itself as one of the major terrorist corridors in the world. Even though the Organization of African Unity (OAU) passed the Cairo Resolution in 1964 to respect colonial

borders, most international borders in the Horn of Africa are porous, volatile, contested, and fragile (Tasew, 2017). The porousness, volatility, and fragility of the borders makes them vulnerable to smugglers and illicit trade, which further inflames tensions, and leads to cross-border intergroup conflicts (*Ibid*).

## **Political Reforms Vs. Political Transition**

### **Political reforms**

Political reforms aim at opening the democratic space of civic participation and involve comprehensive reforms of the state institutions and the constitutional, legal and policy frameworks which shaped the relationship between citizens and the state (Mohamed 2017).

### **Political Transition**

Political transition is interval between one political regime and another. Transitions are delimited on the one side, by the launching of the process of dissolution of an authoritarian regime and on the other, by installation of some form of democracy, the return of some form of authoritarian rule, or the emergence of revolutionary alternative (Scoot, 1989).

Political transition, on the other hand, implies regime change and often associated with the transition from military or civil authoritarianism to democratic, competitive political systems. (Mohamed 2017)

The present political reforms in Ethiopia can be differentiated from political transition in that; they do not aim at dismantling the state institutions created by the EPRDF, but rather to reform these institutions within the confines of the current political developments. Moreover, what is taking place is not a political transition because it does not satisfy the full thrust of a full-fledged process (Mohamed 2017).

### **Economic Integration**

States are not uniform in terms of level of development, resources availability or natural resources endowment, and location; some are land locked while others have access to the sea (Heywood, 2004). Thus, they interact among each other to fulfil the demands of their people (Sargent, 2009).

Developing countries throughout the world have increasingly focused on liberalizing their economies and one way of doing this is to form or join regional free trade areas (FTAs), in which members countries abolish or reduce barriers to trade among themselves while maintaining independent external tariffs with non-FTA trade partners. FTAs have been established throughout the world, and some countries belong to more than one. Members may also conclude bilateral trade agreements, or agree to multilateral rules of engagement in trade (Makonnen & Lule, 2017).

A variety of primarily economic regional agreements, such as the North American Free Trade Agreement (NAFTA), the Free Trade Association of the Americas (FTAA), and Asia-Pacific Economic Cooperation (APEC), are slowly encouraging greater regional economic cooperation. And the Central American-Dominican Republic-U.S. Free Trade Agreement, or CAFTA-DR, was signed in 2004 (Sargent, 2009, p, 31).

The formation of the OAU subsequently led to the creation of several African sub-regional institutions which were aimed to: (a) expand the growth of intraregional trade by removing tariffs and non-tariffs barriers; (b) strengthen regional development, through the promotion of economic sectors, regional infrastructures and the establishment of large scale manufacturing projects; (c) remove barriers to the free movement of production factors; and (d) promote monetary cooperation ( UNCTAD, 2009: 17).

The history of the need for continental economic integration in Africa dates back to the formation of the Organization of African Unity (OAU) (now AU) in 1963. One purpose of the OAU was to coordinate and strengthen cooperation between member states to improve the lives of their people. East Africa is a region widely known for civil war, migration, and drought. Regional governments are also known for their rivalries, alliances, and anti-alliances among themselves. (‘My enemy’s enemy is my friend’) Since there are diverse peoples, within-country politics is also affected by ethnic conflicts, administrative problems, and inequality, its history is complex and largely influenced by local and global powers from around the world (Bruce, 2016).

There have been various initiatives and activities designed to lead into regional integration in the Horn of Africa. These initiatives and activities can be, grouped mainly, into three categories. The first one constitutes a regional integration arrangement that involves countries of the Horn of Africa and other countries located beyond that region within the African continent. Here, we are referring to COMESA, a regional integration arrangement that involves member states from the Horn of Africa and beyond. The second one is a regional integration arrangement whose member states are exclusively from countries of the Horn of Africa, that is, the IGAD, and the last is the Africa Economic Commission (Solomon, 2016).

### **Africa Economic Commission(AEC)**

The AEC Treaty came into force in May 1994, envisaging an integrated economic area covering all of Africa. Following the establishment of the AU in 2002, the AEC became an integral part of its constitutional structure. The AEC's objectives include the promotion of economic development and the integration of African economies to increase self-sufficiency, the promotion of endogenous and self-sustained development, and the fostering of the gradual establishment of the African Economic Community through coordination and harmonization among existing and future economic communities (Opong, 2011 page 17).

### **Intergovernmental Authority on Development Initiatives (IGAD)**

IGAD involves bilateral agreements adopted to facilitate the path of regional integration in the region Economic Cooperation and Integration. The objectives of IGAD, as outlined in the IGAD Agreement, include the following regarding economic cooperation and integration: (a) promote joint development strategies and gradually harmonize macroeconomic policies and programs in the social, technological, and scientific fields; (b) harmonize policies with regard to trade, customs, transport, communications, agriculture, and natural resources, and promote free movement of goods, services, and people within the region; (c) create an enabling environment for foreign, cross border and domestic trade and investment; and (d) develop and improve a coordinated and complementary infrastructure, in the areas of transport, telecommunications, and energy in the region (Solomon, 2016, p.20).

### **2.1.3.3. Common Market for Eastern and Southern Africa Arrangements**

The Common Market for Eastern and Southern Africa (COMESA) was founded in 1994 as a successor to the Preferential Trade Area for Eastern and Southern Africa (PTA), which was established in 1981. The Treaty establishing the Common Market for Eastern Southern Africa (COMESA Treaty) entered into force in 1994. COMESA currently has nineteen members: Burundi, Comoros, Democratic Republic of Congo, Djibouti, Egypt, Eritrea, Ethiopia, Kenya, Libya, Madagascar, Malawi, Mauritius, Rwanda, Seychelles, Sudan, Swaziland, Uganda, Zambia and Zimbabwe. COMESA began life under the 1982 Treaty for the Establishment of the Preferential Trade Area for Eastern and Southern African States (Opong, 2011, p.11).

COMESA's FTA was established with the following three major objectives: (A) Complete removal of tariffs for all tradable goods among COMESA members by the year 2000 as well as the continued development of the region as common investment area; (B). Establishment of a CU by adopting common external tariff with third parties in 2004; and (C). Establishment of an economic community by 2025 (Opong, 2011, p.11)

#### **Advantage of Economic integration**

According to Biningo, economic integration is supposed to increase trade and investment, generate economies of scale, promote peace and security, and improves the bargaining power of small countries in bilateral or multi-lateral negotiations (Biningo, 2012). The other advantage of regional economic integration is a wider selection of goods and services. Since different countries come together, they will supply a variety of goods that were previously unavailable. In opposition to this view, Mwasha's study shows that since adjacent countries integrate, they have common interests and tastes. Therefore, they are unlikely to provide a great variety of goods for consumers (Mwasha, 2011).

#### **Disadvantage of economic integration**

Disadvantage of economic integration the culture of the majority will be entertained, and there might be a loss of unique minority cultures. It is called cultural centralization. For instance, in EU, the major working languages are Spanish, French, and German. As a result, minority languages might be repressed as they will no longer function for official communication. Or

other unique cultural manifestations will be affected since the dominant cultures increasingly overshadow them (Berry, 2011).

## **Theoretical Perspectives**

### **Democratic peace theory**

One of the arguments in favor of promotion of liberal democracy all over the world is the belief in so-called democratic peace theories, which have their philosophical groundings in Immanuel Kant's 1795 essay "Perpetual peace: A philosophical study". Kant lays out the formula for a peaceful world: the spread of republican values, a pacific union of democratic states, and the spread of democracy is necessary for the spread of peace, as laid out in the democratic peace theory, which argues that liberal democracies do not go to war with each other (Ubong, 2012).

The primary claim of democratic peace proponents is that democratic states do not wage war against each other, although a number of scholars have modified the claim to the proposition that democracies are less likely to fight wars with each other (Lake, 1998).

According to Balco, F. (2011), has explained the reason why DPT generally agreed that democratic states tend to avoid war. The first explanation lies in the institutional constraints in democracies. Institutional checks and balances restrain the hands of decision-makers and the democratic structure of civil society. Moreover, democratically elected and constrained leaders are not able to act quickly thereby avoiding the potential of conflicts to escalate into war (Balco, F, 2011). The second explanation of why democracies are considered more peaceful is related to the understanding that democracies share cultural/democratic norms among themselves. According to this argument, democratic political culture encourages peaceful means of internal conflict resolution, which "come to apply across national boundaries toward other democratic states" (Balco, F, 2011).

There are two dominant strands of theoretical explanations of the alleged democratic peace: institutional (structural) and normative theories. Institutional or structural theory argues that institutional traits in democracies – such as free elections and a separation of powers – work to constrain the political leaders' scope of action, thereby acting as a check on any adventurous foreign-policy endeavours by the leadership (Russett, 1993).

Normative explanations of the democratic peace typically centre on two interlinked arguments:

(1) Democratic states are culturally saturated by liberal or democratic norms and values, which helps create a domestic sphere in which political and social conflicts of interest are resolved peacefully, and where individual freedoms are thoroughly respected. (2) These norms of behaviour are normally externalised to the realm of foreign affairs (Maoz & Russett, 1993).

For the sake of this paper the researcher more focus on the normative approach of democratic peace theory, it has direct relation to the current domestic political dynamics are affect externally. The normative approach argues further that democratic states to the extent possible externalize the norms of behavior that are developed within and characterize their domestic processes and institutions (Maoz, and Russett, 1993).

Different norms of democratic political conduct are often expressed in terms of different patterns of international behavior. Democratic regimes are based on political norms that emphasize regulated political competition through peaceful means. -The role of normative effects, meaning that democratic norms and culture applicable domestically are externalized to cover relations between states. At the domestic level of analysis and operationalization, winning does not require elimination of the opponent, and losing does not prohibit the loser from trying again (Maoz and Russett, 1993).

Democratic states behave in the international system according to domestic norms. In this sense, they are 'projecting' their domestic socio-political structures onto the international system. The democratic peace arises when two democratic states, projecting their norms onto the international system, create a zone of shared norms that enables peaceful transactions (Hayes, 2002).

Democratic states have free-market economies, and, since they are better able to offer credible commitments regarding the terms of trade and capital flows than authoritarian states, they are more inclined to trade with one another (Bruce, and Russett, 1997). Interdependence promotes peace by increasing contacts among democracies and contributing to mutual understanding. Trade helps create transnational ties that encourage accommodation rather than conflict. Furthermore, trade is mutually beneficial to its participants, and war may negatively affect a

country's economy because it could potentially cut off critical imports or exports. , trade tends to decrease the benefits of conquest (Oneal, and Russett, 1997).

Democratic peace (that democracies do not go to war against each other) and its extension in Solingen's contention that 'liberalizing coalitions', which advocate economic liberalization, tend to favour regional and international cooperation (Solingen 1997, 1998).

Many authors have pointed out that the lack of democratic norms and institutions in the Horn of Africa and that leads to hostile and often violent relations to each other More importantly, the destruction of the promising democratic norms and an increasingly authoritarian government in the Horn of Africa result of the war with each other in the Horn

The Ethio-Eritrea war that prevailed for the past two decades has had devastating consequences beyond the two countries and peoples. It obstructed meaningful cooperation and undermined regional mechanism of conflict prevention and resolution. The current Ethiopian political reform, democratic norms and institutions transition results ending war, between the two state and expanding economic links with Eritrea key for regional stability. The agreement between Eritrea and Ethiopia puts an end to this distorted regional order of enmity and competitions and, opens a new horizon for sustainable peace and economic integration (Arone, 2018).

The relevance of this theory for this paper is the current political interaction or reform in Ethiopia characteristic features of neoliberal Democratic Peace theory; it believed that democratic norms and culture applicable domestically are externalized to cover relations between states. Therefore Ethiopian political reform brought about democratic transition in Ethiopia. Hence, the current government took several reforms domestically and the same time externalize this democratic norms, for instance Ethiopia express their willingness to settle the problem with Eritrea peacefully, this led to free movement, free trade and cooperation among the Horn countries, So Democratic Peace theory will fit to analyzed the current political reform and its economic impact in region and helps to discuss the following chapter.

### **Economic interdependence theory**

The Horn of Africa's countries have been interdependent in every aspect of their affairs. Their economies were to a greater extent interdependent. There were many things that they have been benefited from their interdependence.

However, given the importance of interdependence in every aspect, the level of interdependence and cooperation between them was very low or minimal. Because for years member states in the region have been intensely involved in warfare with one another's and have consistently worked to undermining one another's regimes. The imperative to weaken hostile neighbours by all means possible has been undermines prospects for mutually beneficial economic development (Chatham House, 2011).

But today the new internal political developments in Ethiopia promise the resolution of the boundary conflict and hence durable peace between Eritrea and Ethiopia. The two governments have agreed to forge intimate political, economic, social, cultural and security cooperation that serves and advance the vital interests of their peoples; and to jointly endeavour to ensure regional peace, economic development and cooperation. Therefore, it is in the view of this that, the theory of interdependence is taken as a theoretical and conceptual frame work of the study.

Before, going to the discussion of the theory it is better to have operational definition for the term interdependence. For the purpose of this study, Interdependence can be defined as a state of affairs where what one nation does impinges directly upon other nations (Rosecrance and *et al*, 1977). This means that, any enhancement or change in one state's position would directly and adversely affect the other. In other words fully conflictual as well as fully cooperative relations between states would be characterized by high level of interdependence.

In this study, "interdependence" mean the direct and positive linkage of the interests of states such that when the position of one state changes, the position of others is affected, and in the same direction. Interdependence, then, suggests a system in which states tend to go up or down the ladder of international position in terms of economic strength, power, welfare, access to information and/or technology together (Rosecrance and *et al*, 1977).

According to Keohane and Nye (1977), classified interdependence in to two sensitivity and vulnerability; the previous entails the size of the effect of economic activities in the one country on the other (Keohane and Nye 1977). The vulnerability dimension of interdependence entails the availability and costliness of the alternatives that actors face. A state is vulnerable when it has no alternative to trade with a certain state. I mostly focus on the sensitivity aspect. Economic interdependence is said to be beneficial as it brings the mutual benefits. Bilateral relations based

on free trade and peace are much more conducive to achieving national goals, so that economic interdependence increases both welfare and the desire for peace. (Rosecrance, 1986, p. 24)

Liberal theory has an optimistic view on the importance of international interstate interdependence and cooperation. The theory perceives interdependence as an important characteristic of the contemporary international political economy in which states are open to one another and are engaged in a large volume of transactions across national borders. When states' markets are closely linked, events in one state strongly influence conditions in another (Suzuki, 1994).

There are the debate between the liberal and realist theory Economic interdependence. These two theories perceive interdependence differently and hence, they have a contradictory view on the importance of international interdependence. Therefore, for liberal theorists, economic interdependence leads to welfare, peace, socio-economic and political development. In contrast, realist theory has a pessimistic view of interstate interdependence and cooperation arguing that, in the anarchic international system, states are fundamentally motivated by their relative gains and hence their interdependence further leads to conflict than cooperation. Therefore, interdependence in this globalized world does not lead states to cooperation and peace; rather to intense competition (*Ibid*).

Therefore, the theory and concepts that has been discussed so far can best explain the Ethiopian economic relations with the neighbouring states. Interdependence between the Horn states would possibly result in a good environment for cooperation and restoration of peace given the reality that, Eritrea has a port through which Ethiopia could conduct its international trade and Ethiopia on the other hand has different agricultural products to be exported to Eritrea like coffee and teff with which life in Eritrea would be better. Thus, interdependence between these two countries has a paramount importance. Currently, because of the breakdown of the relations between the two countries, the benefits that can be gained from their cooperation and interdependence are nowhere in the horizon.

The relevance of this theory, Interdependence between Ethiopia and the Horn countries would possibly result in a good environment for cooperation and restoration of peace given the reality that, Eritrea, Djibouti, Sudan, and Kenya has a port through which Ethiopia could conduct its international trade and Ethiopia on the other hand has different agricultural products to be

exported to Eritrea and Djibouti, Sudan, and Kenya. Ethiopia also began to supply hydro- electric power to Djibouti, Sudan and Kenya. The Horn countries know how Ethiopia is important for them more than any time. The cumulative factors of geographical proximity, shared natural resources and people-to-people ties created a situation in which development in one directly affected the other.

When the Horn states are becoming interdependent, that they can have a better chance of solving economic and political problems and largely restore peace. Thus, the following chapters will discuss these interrelated issues in some detail.

## **Background of the study: Ethiopians Economic relation with the neighbouring countries**

### **Eritrea**

Even though Eritrea seceded from Ethiopia in 1991 and became formally independent in 1993, it remained economically integrated with Ethiopia until 1998 when war broke out and formal economic ties ended. Pre-war economic integration between the two countries included a free- trade area, a partial customs union, and currency and monetary unions (Worku, 2016). Following independence in 1993, the Eritrean government advocated an economic union with Ethiopia and wanted to harmonize fiscal, monetary, taxation, and other policies but the attempt failed largely because the terms and implementation of the extant preferential arrangement favoured Eritrea (*Ibid*). Although the preferential trade arrangement between Eritrea and Ethiopia was extensive, it lacked a comprehensive formal agreement (IMF cited Worku, 2016, Asrat, 2014).

The extensive literature on the war between the two countries often mentions economic factors that contributed to or gave rise to the war, but none of the authors discuss the details or outcomes of the common market. Some researchers, without discussing the specifics of the economic relationship, have concluded that the arrangement benefited Eritrea disproportionately at the expense of Ethiopia (Worku, 2016).

The closure of the border after 1998 then pushed the majority of Ethiopian trade towards Djibouti. In 1997, Assab was handling 80–85% of Ethiopia's international traffic, with only 15– 20% passing through the port of Djibouti (Love, 2009)

In the post-1991 period, especially Ethiopia's loss of the Eritrean-based ports (Assab and Massawa) following the Ethio-Eritrean conflict of the 1998-2000 has intensified the intensity and dimension of their economic tie. Currently, the port of Djibouti handles about 95% of Ethiopia's import- export businesses (Styan, 2013:3).

## **Djibouti**

Ethiopia has impressive Economic relationship with Djibouti particularly in port services which most of Ethiopia's goods are imported Via Djibouti; the bilateral relation between Ethiopia and Djibouti that the two countries have been enjoying for more than two decades would contribute to attempts towards economic integration in the Horn of Africa.

There had been several bilateral agreements that have been signed between the governments of Djibouti and Ethiopia relating to port use and transit services. One of the Agreement between the government of the Federal democratic Republic of Ethiopia and the Government of the Republic of Djibouti on the Utilization of the Port of Djibouti and Services to Cargo in Transit which is signed in Djibouti on (April 13, 2002).<sup>1</sup> By this agreement Ethiopia has been guaranteed a permanent right of access to the sea and unhindered transit through Djibouti's territory. Goods would also be free of taxes and customs duties (Article, 2).<sup>2</sup> Djibouti has also agreed to give Ethiopia sixty working days advance notice before implementation if there is to be any change in tariffs or regulations (Article 6).<sup>3</sup>

Nowadays Ethiopia and Djibouti are actively working together on the construction of new modern railway lines. They established Joint Railway Commission in new form. The two countries are to be interconnected through two modern railway lines which are under construction: Addis Ababa (Sebeta)-Dire Dawa-Djibouti line and Mekele-Weldya-Semeraa Tadjourah line. The Addis Ababa-Dire Dawa-Djibouti project is in the list of top priorities of the Government of Ethiopia. It has a significant economic importance to the country (Seyoum, 2012).

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1 Official document, of The Ethio-Djibouti Bilateral Agreement on the Utilization of the Port of Djibouti and Services to Cargo in Transit, 13 April 2002, Djibouti.

2 *Ibid*

3 *Ibid*

## **Kenya**

Ethio –Kenya economic relation are strengthened by the same communities along the border who share similar culture and language there are an effort to connect the two countries, among others, the construction of infrastructure, 95percent of the construction of the road from Nairobi side has been completed, and about 80 percent has been completed from Ethiopian side. There are also intention to connect with these countries through railway in the long term. There is also an effort to export energy to Kenya. Trading raw agricultural product contraband trade and instability were mentioned among the major challenges that tested the growth of trade between the countries in the region (Dawit, 2017).

Ethiopian imported 319 million US dollars' worth of goods from Kenya while it only exported 60 million US dollars, from 2004 to 2014. It shows that about 84 per cent of the trade balance goes in favoured of Kenya (Dawit, 2017, cited, Ministry of Trade 2016). Ethiopia also had a plane to earn 290 million USD from energy export to Kenya by 2019, when the Ethio – Kenya electricity transmission distribution line is completed

## **Sudan**

The relations between Ethiopia and Sudan have been fluctuating between harmony and conflict. Nowadays, while relations between the two countries have improved, yet, the prevailing opportunities are far from being properly utilized. Political instability in Ethiopia and Sudan, conflict in South Sudan, persistent tension between Sudan and South Sudan, and the issue of boundary demarcation are the common security concerns, which requires further collaboration of the two countries

Ethiopia has a good economic relation with Sudan, like the relation we have with Djibouti. Moreover, trade noticeably grew between Sudan and Ethiopia, with three road networks linking them through Gedarif-Gelabat-Metema-Azezo, Alshowak-Allokdi-Humara and Kumuk- Assossa-Nekemt-Addis Ababa rapidly built. A direct microwave link was also established. On the one hand, in September 2010, Sudan became Ethiopia's sole supplier of oil including benzene and liquid pressured gaz. During the course of 2010, for instance, Ethiopia imported around two million tons of oil that cost around 1.42 billion USD (Berouk, 2012).

On the other hand, Sudan imports products including cement, sesame, beans and fruits from Ethiopia and has become one of the biggest importing states of Ethiopian products. More significantly, Ethiopia will supply electricity power to Sudan, thereby earning much-needed hard currency. With the completion of the power projection projects with Djibouti and Kenya, the Ethiopia-Sudan interconnection could effectively establish the regional power market envisioned by Ethiopia and prove to be another milestone towards regional integration (Berouk, 2012.p.94).

Ethio-Sudanese cooperation focuses on the joint development of crucial resources, namely Nile Water, commercial interactions, energy trade, and working in collaboration to maintain sustainable peace in this volatile Horn of Africa (Verhoeven, 2011).

The areas of cooperation specified in the FDRE foreign policy include the development of shared water resources, such as, the Nile River flowing from Ethiopia to its neighbors and concluding agreements for their equitable utilization, economic development, cultural interaction, utilization of ports, and protection of security ( Nebiyu, 2017).

Ethiopia expected to generate sufficient power to enable it to honour electric power demand from its neighbors. The country has signed initial agreements to supply 500 mega Watt to Sudan. Emphasis will also be given to other infrastructural developments consisting of road, energy; air and railways transport facilities, and health and education institutions, among others, during the remaining years of the implementation of the GTP. Here comes not only assertion of Energy-led integration but also infrastructural development integration in the Horn of Africa to come true (Medhane, 2005).

### **South Sudan**

In January 2011, South Sudan held a peaceful and transparent referendum on Southern secession or unity, as called for in the 2005 Comprehensive Peace Agreement (CPA). South Sudan faces serious challenges in the coming years. There are a number of unresolved issues between the governments of Sudan and South Sudan, which could pose a serious threat to peace and stability in both countries. South Sudan lacks the capacity to deliver basic services to its people and demands are likely to increase in the coming years. There are also a number of new rebellions, often backed by the government in Khartoum, against the Government of Southern Sudan

(GOSS). In 2010-2011, more than 1,000 people were killed and over 200,000 people displaced as a result of these conflicts in the South (Ted, 2011).

Ethiopia shares long border (more than 1006km) with South Sudan which is straddled by Anyuak and Nure – the common ethnic groups that live across the border of the two states (Crisis Group, 2010). Such strong socio-economic and cultural similarities and interactions between the Gambela and the South Sudan peoples has contributed a lot for the established trade linkage between them which manifested with substantial informal or illegal cross border trading and other economic activities (Love, 2009:7).

The June 2009 bilateral Agreement conducted between the higher official of the two countries, they identified the construction of various transport routes as an instrument of enhancing trade and other socio – economic relation between the two nations. Accordingly it is believed that the construction of the road will significantly contribute to the economic development of Ethiopia and south Sudan peoples, through re-enforcing and enhancing the socio – economic linkages between their peoples (Love, 2009: 7).

## **Somalia**

In 1991, the Somalia Dictator, Mohammad Siad Barre, was overthrown. Following the collapse of central government in Mogadishu, Somalia descends in to civil war between rival warlords. With the outbreak of civil war, events it was argued marked -the end of Somalia as a state (Samatar, 2007). The Ethiopia and Somalia economic relations mostly informal trades in the borderlands, the formal trading in these borderlands are specifically the usual foreign trade and the small-scale border trade (Ibid).

Currently Ethiopia and Somalia have created very friendly relationship. They are seeing the light at the end the tunnel – the coming of elected government and strengthened institutions in that country, the Africa union and the international community in general, Somalia has become stable. Apart from political support the two countries will have economic relation especially in change of commodities as well.

## Chapter Three

### 2. The Historical evolution of the contemporary internal political dynamics of Ethiopia.

#### Introduction

There are many interrelated and essential factors that led to the current Ethiopia political transition. These factors led the regime to a serious crises and the inability of the EPRDF to confront them effectively. These crises include economic, cultural, social and political. The regime could not effectively cope with these crises (Mebratu, 2019). This chapter discusses the evolution of the contemporary political transition of Ethiopia.

#### The 2005 Elections

Political change in Ethiopia very often used to come through violence and there has been little history of compromise between the beholders of power and those without power, between the centre and the periphery. There is a notable continuity in the use of violence against political opponents in the history of Ethiopia. The current administration led by Prime Minister Abiy has made tremendous effort to break such legacy, by reaching out to the opposition, by inviting all Ethiopians to join the national project and by launching a number of important reform projects (Country Report, 2018).

The Ethiopian People's Revolutionary Democratic Front (EPRDF) a coalition of four ethnically based parties: the Amhara National Democratic Movement (ANDM)<sup>4</sup> the Oromo Peoples' Democratic Organization (OPDO),<sup>5</sup> the Southern Ethiopian People's Democratic Movement (SEPDM), and the Tigrayan People's Liberation Front (TPLF) came to power in Ethiopia in 1991 after ousting the military regime (Abbink, 2011).

Since 1991 there were several elections held at national and regional level, the May 2005 elections were the most interesting in that new opposition parties participated in the election and leadership was demonstrated by both young and veteran politicians and public figures. There were political debates on media and campaigns by opposition parties in selected parts of the

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4 Currently changed their name to Amhara Democratic party (ADP) 5  
Currently changed their name to Oromo Democratic party (ODP)

country, notably in Addis Ababa. The local press, including several independent private journals, reported in detail regarding the debates and opposition party programmes (Abbink, 2006).

The national election in May 2005 represented a substantial change. Opposition political parties had formed coalitions based on competing policy perspectives and nationalist visions. The main political parties—including the EPRDF, the United Ethiopian Democratic Forces (UEDF), and the Coalition for Unity and Democracy (CUD), the Oromo Federalist Democratic Movement (OFDM)—campaigns on specific promises and policy positions (Smith, 2007). The relative success of opposition political parties after a short organizing period indicates openness in the political process that was unprecedented in the country's modern history, as well as deep resentment toward the EPRDF that had been building for some time. The ruling party and opposition reached an agreement on a formula to allocate access to important state-controlled media sources, including TV and print media. In the days before the election large political rallies were well attended and peaceful (Smith, 2007).

The 2005 elections marked a significant change; it was the first genuinely competed national election since the country was introduced to multi-party democracy (Harbeson, 2005). However, the democratic gains resulting from the elections did not last long due to credible accusations of electoral fraud, biased electoral administration and coercive measures taken by the regime on the opposition camp in the post-election period. And, despite the positive developments of the pre-election period, the post-election period was marred with widespread violence over election results (Abbink 2006).

The exceptional political liberalization at the initial stage but this was reversed in the post-election period due to a stage by stage closure of the political arena by the regime. Such measures undermine the prospect for a peaceful political resistance and heightened the likelihood for long term violent conflict. And all these developments confirm that the regime has eventually resumed its authoritarian essence (Aalen, & Tronvoll, 2009).

The EPRDF firmly monopolises political representation, decision-making and public space. The contradiction between its *de facto* one-party state and its promises to deliver multi-party elections, human rights and self-determination has been the defining trait of politics since 1991. This has produced tensions between the government and the opposition, communal and inter-

ethnic animosities and armed conflict between ethno-national rebels and the government, culminating in the 2005 election crisis (Sande, & Berouk, 2018).

If the election and what followed were a test of the EPRDF's commitment to democracy and the rule of law, the government failed miserably. However, the government drew the lesson that, in order to maintain control, it need to impose new governance mechanisms to tighten its grip on political opposition, the free press, civil society and the involvement of international actors in Ethiopia

The elections in 2005 were a turning point, as the EPRDF was confronted for the first time with a real opposition. According to the final election result issued by the NEBE on September 5, 2005, EPRDF won 327 seats (55% of votes), CUD won 109 seats (26% of votes), UEDF won 52 seats (9% of votes) and others won 57 seats (10% of votes).

The balance appears to have shifted toward the latter since 2005, when the EPRDF signalled its intention to hold onto power at all costs. National elections held that year were the most competitive in the country's history, with opposition parties winning at least one-third of the parliamentary seats. The balloting resulted in a political impasse, however, when the Coalition for Unity and Democracy (CUD), the largest opposition group, accused the ruling party of electoral fraud and refused to accept the officially declared results. The EPRDF ultimately chose to use force to resolve the dispute over vote tabulation. In the crackdown that followed, opposition leaders were imprisoned, while thousands of their supporters were arrested and some 200 others were killed (Abbink 2006).

The aftermath of the 2005 elections casted a shadow over Ethiopia's democratization. The EPRDF subsequently ensured that similar challenges to its authority should not be repeated. It has sought to insulate its hold on power by using legal and coercive measures to further restrict the scope of independent mobilization. Despite constitutional protections for basic civil liberties, since 2008 the EPRDF has enacted legislation—the Mass Media Law, the Charities and Societies Proclamation, and the Anti-Terrorism Law—designed to punish open dissent and discourage autonomous organization (Arriola, 2011).

When it is unable to physically reach journalists and media organizations, jamming broadcasts and blocking websites have been among the regime's methods of restricting the flow of

information on regarding peaceful Oromo demonstrations. Diaspora broadcasters, Oromia Media Network (OMN) and Ethiopia Satellite Television (ESAT) were complaining that their transmissions to Ethiopia were jammed being frequently (HRM, 2016).

At the same time, the EPRDF has sought to strengthen its own capacity by reinforcing the mechanisms of party control at the local level and recruiting millions of new party members nationwide (Arriola, 2011).

political dialogue have been severely and deliberately restricted since the 2010 elections by a government more concerned with cracking down on dissent than in ensuring an open and vibrant space for freedom of expression and opinion. It is crucial that a vibrant and independent media be allowed to flourish in Ethiopia, as provided by the constitution, to create space within which political dialogue can happen in a constructive and peaceful manner (Human Right Watch, 2015).

Ethiopia's May 2015 elections have been characterized by without a vibrant and independent media contributing to the exchange of information, ideas, and perspectives on issues relevant to Ethiopian citizens of all political persuasions, and private publications have closed down and two dozen Ethiopia's private journalists and bloggers are in prison, unable to contribute in any way to the political discourse that will shape the credibility of the elections in May 2015. Many others have fled the country, where their ability to contribute to discussions within Ethiopia is sharply curtailed (Ibid).

The 2005 elections were undeniably critical to the formation of politics in Ethiopia (Berouk, 2018). Analysts and the international community have often attributed the current reform to Ethiopia's total restriction of political space since the disputed parliamentary elections in 2005.

### **Mass Protest (2014-2017)**

The popular protest that shocked the country for more than three years has been the main triggering point the current reform. It is triggered by a combination of factors, mainly pressures from the popular protests and the rise of the reformist wing with in leadership of the EPRDF regime (Mebratu, 2019).

After more than two decades of relative peace in Ethiopia it has been disrupted by unprecedented protest and unrest. Long-standing grievances erupted in November 2015, only six months after the ruling Ethiopia People's Revolutionary Democratic Front (EPRDF) claimed to have won a total electoral victory earlier in May the same year. The two largest Ethiopia's internal ethno-national groups—first the Oromo, and then the Amhara—joined the against the EPRDF region. Their respective grievances have converged into heated rhetoric and violent action, not only against their regional governments, but also against the Tigrayan ethno-national group who have dominated the most powerful state offices since 1991 (Rift Valley Institute, 2016).

Despite the size of the Oromo population, Oromos do not have proportionate representation in political life and face restrictions on the use of their language, literature and media, faced forced displacement and evictions, which have resulted in discrimination as well as political and socio-economic marginalisation and persecution of ethnic (Awol, 2016) This and other factors led the Oromo People to staging protest rallies across the country since April 2014.

The immediate triggering point of the protest was opposition to the city planning scheme known as the Addis Ababa Integrated Development Master Plan (IDMP), a development plan that sought to expand the territorial limits of Ethiopia's capital Addis Ababa, into neighbouring Oromo villages and towns (Awol, 2016). The proposed expansion of the capital Addis Ababa's boundary by up to 1.1 million hectares, an approximate 20-fold increase into Oromia territories (Rift Valley Institute, 2016). This expansion aimed to accommodate the demands for residential, commercial and industrial properties by a growing middle class in the capital as a result of the economic boom. Exploiting the lack of clearly and defined boundaries between the capital and the Oromia region, authorities published plans for the proposed expansion without meaningful consultations with the impacted communities (Rift Valley, 2016).

Since the Ethiopian government announced plans to expand the territory of the capital Addis Ababa in April 2014, the country's largest region, Oromia, has been racked with protests that have led to hundreds of deaths (Newsweek, 2016). Although the Ethiopian government has repeatedly characterized the protesters as violent, according to Human Rights Watch demonstrators engaged in nonviolent resistance: blocking roads, boycotting classes, and refusing to pay taxes until after October, stampede which triggers the protestors to violent attack (Human Rights Watch, 2016).

The government's violent response to the Oromo protests has prompted populations in other regions to demonstrate their solidarity with the Oromo demonstrators. Students in regions outside Oromia held various protests and sit-ins in solidarity. Key flashpoints were the universities of Dila and Hawasa (SNNPR region) and the various schools in Dire Dawa, where many Oromo students residing. The inhabitants of Jijiga, in the Somali region, as well as members of the Muslim community in Addis Ababa, also demonstrated in support of the Oromo protests (Aljazeera, 2016).

Although suppressed in 2014 demonstrations resumed across Oromia in November, 2015, and then Protests have also rising up in the Amhara region (BBC, 2016; Aljazeera, 2016). Though they initially began over land rights, they later broadened into calls for more political, economic and cultural rights (*Ibid*)

The Amhara protests came later, originally in reaction to the transfer of territories from Amhara federal state to Tigray. Local Amhara National Democratic Movement (ANDM) politicians reportedly had sympathy with the initial protests, which they may also have seen as means of leveraging greater influence at the centre (Rift Valley Forum, 2016: 2). In BBC 22 August 2016 analysis also stated the root of the demonstrations in Amhara as request by representatives from the Welkait Amhara Identity Committee that their land, which is currently administered by the Tigray regional state, be moved into the Amhara region.

Amhara protesters displayed an unprecedented level of solidarity with the Oromos, organising joint marches (for instance during the Grand Oromo protests in August 2016), sit-ins, boycotts, and stay-at-home protests, as well as using other non-violent tactics, such as hair shaving and crossing arms above the head. Long-standing historical tensions as well as differing political agendas, had previously prevented similar forms of union between the two groups (African Arguments, 27 September 2016).

In Amhara, there were instances of communal violence against Tigrayan communities, as well as reports of armed violence (Rift Valley Institut, 2016). On 2 October the annual Oromo (Irreecha) cultural celebration in Bishoftu, 40 km south of Addis Ababa, descended into chaos, after protest groups took over the customary leaders' dais chanting political slogans. Security responded with live arms fire creating a mass stampede in which there were 50 fatalities according to official statements; opposition groups claimed hundreds died (Reuters, 2016; Aljazeera, 2016).

Following Bishoftu, both Oromo and Amhara regions saw well organized gangs attack and destroy foreign-owned or party linked farms and factories (Rift Valley Institut, 2016).

The Oromo protests also encouraged other groups to be more vocal about their own grievances. Members of the Konso community protested in the SNNPR in March 2016 to demand autonomous administration and the right to self-determination (Country Repotr 2017).

In response, the government deployed the police, paramilitary police and the army to quell the protests. The security forces reportedly often used force to do so and, on occasions, live ammunition when firing into crowds resulting in the deaths of some protestors. According to County Policy and Guidance report, some estimates put the figure killed in the protests at 1,200. There were also reports of tens of thousands of arbitrary arrests, some of which resulted in people being beaten and tortured, and kept in prolonged detention. The situation came to a head in October 2016 at an annual religious festival which attracts estimated crowds of millions, where the security forces' response to agitation in the crowd, including the use of teargas and firing into the air, reportedly led to a stampede that left many dead. (County Policy and Guidance, 2017)

A state of emergency was imposed between October 2016 and August 2017, allowing the authorities to detain people without a court order. This largely curbed the protests with only a few small impromptu demonstrations occurring during that period but led to mass detentions, politically motivated trials and restrictions on movement and communication. At the beginning of November 2017 the large scale protests have not resumed. The imposition of the state of emergency was followed in November 2016 by a government cabinet reshuffle which gave high profile ministerial appointments to Oromos and other groups most associated with the protests (Felter, 2018).

### **The role of Diaspora**

The emigration from Ethiopia is a recent phenomenon that began in the 1970s with the outbreak of Ethiopian revolution of 1974, which led to two decades of conflict and large refugee out flows from the country. In the 1980s, refugee crisis in the horn of Africa was the largest in the world (Tariku, 2017).

In the contemporary world, most countries in the world have recognized the important role that their respective Diasporas could play in economic growth and development. In Africa and Europe, for example, the roles of migrants and Diasporas in development processes have been increasingly highlighted. This include transfer to their country of origin- especially through remittances-financial support for development projects, the formation of Diasporas led development organizations and direct personal involvement of Diasporas members in development initiatives (Tariku, 2017).

Due to conflict, violence, the political environment and lack of development, many people have fled Ethiopia since the second half of the twentieth century in search of peace and a better life. Despite their physical absence from their homelands, many Ethiopians abroad have remained engaged in the political, economic, and social life of their native country and communities (Ong'ayo, 2014).

Ethiopia has been ruled by a number of authoritarian regimes since the monarchy ended in 1974. The overthrow of Emperor Haile Selassie in a military coup in 1974 ushered in a military dictatorship under the Derg regime. The dictatorial regime during the late 1970s and 1980s forced many Ethiopians to flee from persecution. Continued internal political conflicts stemming from ethnic and identity politics have also exacerbated the harsh conditions in Ethiopia (Ong'ayo, 2014).

Today, a combination of the outlawing of the political opposition under the Ethiopian People's Revolutionary Democratic front (EPRDF) then led by TPLF, political violence and politically motivated killings continues to produce a flow of refugees from Ethiopia (Human Rights Watch, 2010)

According to Hoehne study, the Ethiopian Diasporas are categorized into four categories based on the nature of their political engagement with homeland affairs. These are: first, -centrists| who vigorously contest the legitimacy of Ethiopia's ethnic federalism designed and implemented by the EPRDF; second, -ethno nationalists| who bitterly resent what they consider EPRDF's -backsliding| from democratic ethno-federalism into ethnocracy; third, pro-government Diaspora supporters who act as a transnational political constituency; fourth, religious diasporas whose members contest the EPRDF's top down prioritization of ethnic identity and the continued inequalities in the country's religious landscape. This study focuses on the third

category, most notably these diaspora, which has emerged as a critical player in Ethiopian politics and peace building. These groups of Diaspora actors whom remain actively engaged in domestic politics (Hoehne, Dereje, & Mahdi, 2010).

Lack of freedom of expression, assembly and association, harassment, detention, suspicious killings of activists, arbitrary arrests, torture and ill-treatment have also led to the exodus of many Ethiopians, especially journalists, opposition supporters and students. (Human Rights Watch, 2013)

The growing Ethiopian Diaspora population have started to influence the politics at home more dynamically and actively since the change of regime in 1991. More recently, the Diaspora activists, writers, bloggers and journalists play a key role in providing coverage of the recent protests, particularly on social media websites like Facebook and Twitter, using the handle #OromoProtests. These have been particularly important considering the limited press freedom and the increasingly severe government restrictions on communication and information-sharing platforms inside the country the diaspora's ability to coordinate and lead the protest movement in Ethiopia, is stymied by the lack of internet access in rural areas of the country, and by the government's increasing restrictions (Country Report, 2017)

Beyond social media, international sporting events have also been used to raise awareness and support for the issues faced by Ethiopian ethnic groups in their country. Crossing wrists above one's head became a gesture of solidarity with protesters in Ethiopia after silver medallist Feyisa Lilesa made the sign while crossing the finishing line at the 2016 Rio Olympics (African Arguments, 2017).

At the same time, the Ethiopian diaspora in the US was becoming increasingly effective in influencing US policy toward the motherland. A week after the 2 April 2018 swearing-in of Abiy Ahmed as Ethiopia's new Prime Minister, the US House of Representatives unanimously adopted a resolution entitled 'Supporting respect for human rights and encouraging inclusive governance in Ethiopia'. Unusually outspoken for US public policy in its criticism of Ethiopia's government, the resolution – known as HR-128 – condemned the killings of peaceful protestors and excessive use of force by Ethiopian security forces; the detention of journalists, students, activists, and political leaders; and the regime's abuse of the anti-terrorism laws to stifle political and civil dissent and journalistic freedoms (H.Res.128 - 115th Congress. 2017-2018).

Another headache of the regime was Jawar Mohammed, who over the past four years managed to mobilize the youth in Oromia against EPRDF while living thousands of miles away from Ethiopia – Minnesota, United States, leading Oromo youth protests using social media and his satellite TV channel Oromia Media Network, he has managed to call successful strike in all over Oromia region.

### **Local resistance and power struggle**

EPRDF faced local resistance from the legally registered opposition parties in Ethiopia, such as Semayawi party, Oromo Federalist Congress, the latter led by influential leaders such as, Merera Gudina and Bekele Gerba, who recently released from prison after government pardoned them (Addis standard, 2018).

The other problem for the regime was, the split of EPRDF, the Younger the leadership of OPDO pushed out the old guard in the TPLF. The Lemma and Abiy team has begun challenging the regime using its own constitutions and rules of the game.

Unlike the old OPDO members, who were often criticized as agents of TPLF, the team Lemma has tried to demonstrate their loyalty to their own people and managed to get support of almost from the Oromo people while their Ethiopian nationalist have also won them support from other people in the country. On the other hand, the Anhara National Democratic Movement (ANDM), which represents the second largest ethnic group in Ethiopia next to Oromia, has also allied with OPDO playing an important role in terms of reforming the EPRDF for good (Addis Standard, 2018)

It is in the face of all these internal and external pressures that Prime Minister Hailemarim Desalegn, who was chairman of one of the four member parties of the EPRDF, Southern Ethiopian Peoples' Democratic Movement (SEPDM), resigned and Abiy Ahmed has become a new prime minister of Ethiopia which has ended TPLF domination.

The power relationship within the four-member ruling coalition the Ethiopian People's Revolutionary Democratic Front (EPRDF)-which has ruled Ethiopia autocratically for 27 years, has been reforming itself more than a year. The Tigrayan People's Liberation Front (TPLF) is no

longer the kingmaker after suffering an ignominious defeat by the tactical alliance between the Oromo People's Democratic Organization (OPDO) and the Amhara National Democratic Movement (ANDM) (Addis standard, 2018).

## **The outcome of the reform**

This transition came with some positive changes; the new Prime Minister has apologized to the population for the mistakes of the past, made a rapprochement with Eritrea without making any demands and dismissed key officials from the old regime. At the same time, he lifted the state of emergency (SoE), promised to liberalize the economy, and release of thousands of political prisoners. Prime Minister Abiy also pledged various reforms, including amendments to restrictive legislation such as the Anti-Terrorism Proclamation, Civil Society Proclamation and Mass Media Proclamation, all this were previously considered unthinkable in Ethiopia (Weber, 2018).

In reshuffling his cabinet in mid-May 2018, Abiy removed long-serving and powerful EPRDF officials, almost all influential actors in the 'deepstate' – the intelligence service, the military and the TPLF-associated economic complex – have been replaced. This can be viewed as a necessary restructuring and as a bold move by the Prime Minister (Weber, 2018).

Although federalism has been introduced by the regime in power as a way of managing ethnic diversity, practically the system in itself could not mitigate ethnic conflicts effectively due to the absence of democratic way of governance and a broader pan-national identity in the country, if not properly managed, the future and consequence of ethnic politics would become disastrous not only for the regime in power but also for the entire country. (Aalen, 2006)

## **Challenges to the current Reform**

### **Ethnic tensions and violence**

Ethnic conflicts are not new in Ethiopia, but the levels of violence being witnessed today are very disturbing. Ethnic tensions: Ethnic-based clashes also threaten the pace and sustainability of reforms, as fear of the protracted violence and political instability persist (Badwaza, 2018).

In the past few months, ethnic and identity based clashes that took place between ethnic Somalis and Oroms, hundred thousands of Somalis have displaced. Ethnic Gedeos who were evicted

from Oromia's Guji areas and ethnic Anharas who were evicted and displaced from the Benshangul-Gumuz and Oromia regions are yet to receive government assistance. Most of the ethnic Oromos who were evicted in their hundreds of thousands from Ethiopia's Somali region in 2017 remain displaced (Yohannes, 2018).

Hundreds of innocent Ethiopians have died in the southern cities of Awassa and Sodo because of violence. Dozens of Ethiopians from the Gamo, Ghuraghe, and Dorze groups around the capital city, Addis Ababa, were targeted and killed by unidentified assailants (Yohannes, 2018). For instance, the Oromo Democratic Party still advocates the idea Oromia's Special Interest in Addis Ababa. The organization is the most powerful party in the ruling coalition today. Its members have made a political and constitutional claim to Addis Ababa because it is an enclave located in the State of Oromia. This has led to tensions between ethnic Oromos, who are the minority in Addis, and other ethnic groups like the Anhara, who are the overwhelming majority in the city (Yohannes, 2018).

The EPRDF regime has claimed to have introduced an ethnic federal system of governance to try and address historic ethnic grievances by giving Ethiopia's different regions the chance to administer them. This federal system allowed regions to organize along tribal lines. It also led to the rise of ethno-nationalist movements, which eventually weakened Ethiopia's national unity (Yohannes, 2018).

Ethnic intolerance grew and gained momentum, while ethnic violence becomes a permanent fixture of Ethiopian politics. Hence the ethnic interests and ethnic politics have become the challenges to the country unity and the ongoing reform.

### **Absence of a structured transitional roadmap**

Prime Minister Abiy Ahmed introduced unprecedented reforms soon after coming to power despite these accomplishments; PM Abiy's government faces a staggering number of demands and appeals for overnight reforms at the local, regional and national levels. There are widely divergent views among Ethiopians on what they believe should be the priorities and specific tasks of Abiy's government. Confusions, uncertainties, and speculations can be avoided by unveiling a structured transitional roadmap that communicates to the public and stakeholders a time-bound and specific transitional agenda. The roadmap must focus on addressing the

immediate emergency situation, creating secure and stable conditions to ensure the rights of all citizens, and allowing the stakeholders' reasonable participation in reforming institutions and paving the way for a free and fair election (Addis Standard, 2018).

### **3.7.3 Counterrevolutionary Forces**

Internal power struggles within the EPRDF: While popular support for Abiy and the reformist elements within the ruling party look to be strong, internal power struggles within and between the four basic parties of EPRDF have not yet been fixed definitively, especially TPLF leaders appear to be unhappy and they are busy in promoting violence in various parts of the country and counterrevolutionary activities are abound around the country (Badwaza, 2018). Their aim is to stop the democratic transition and make the country difficult to govern. Their actions are simply designed to fulfil their prophecy that Ethiopia will disintegrate without their dominance—to vindicate the legacy of TPLF's -revolutionary democracy/ and developmental state model. Therefore, the subversive action of TPLF elements is an act of vengeance more than a hope to return to power (Addis Standard, 2018).

## Chapter Four

### 3. The Economic Impact of the Current Internal Political dynamics of Ethiopia on the Horn of Africa

#### 4.1 Introduction

The Horn of Africa countries have long standing links with Ethiopia in such areas as language, culture, history, natural resources, and so on. Changes in Ethiopia affect them directly or indirectly, and what happens to them has an impact on Ethiopia too.<sup>6</sup>

The government Ethiopia failed to get legitimacy from the people due to several factors that I discussed in chapter three. Ignoring the grievances of the people, the gross human rights violations, drove the Ethiopian peoples to engage mass protests in popular uprisings, which lasted for three years. This unprecedented wave of mass discontent and protest ushered in a long overdue political transformation, bringing with it an EPRDF government adopting reform (Yemane, 2018).

April 2018 marked a paradigm shift in Ethiopian political and economic travesties with the coming to power of Abiy Ahmed Ali as the Prime Minister of the country. He came to power following years of domestic political and social turmoil having political and economic impacts at the regional level and beyond. PM Ahmed inherited a government that ruled the nation for 27 years with an iron fist policy and committed in gross human right violations (Abdulqadir, 2018).

Abiy Ahmed took quick measures to calm down domestic politics and to promote economic stability, such as, state of emergency lifted, releasing political prisoners and political reform. Externally he boldly launched fully implementation of a peace deal signed in Algiers 2000 without any precondition. The Algiers Agreement and the Ethiopia Eritrea Boundary Commission (EEBC) ruling meant to end a two-year war that devolved into a stalemate resulting in huge military build-up by both countries (Abdulqadir, 2018).

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<sup>6</sup>The Federal Democratic Republic of Ethiopia Foreign Affairs and National Security Policy and strategy Document, p,56, 2002.

The impact of the conflict between Eritrea and Ethiopia was not only confined to the people of the two countries. Indeed, it had a direct consequence to the whole region too. Therefore, resolving the Ethiopia-Eritrea conflict was a major first step in addressing the pervasive conflicts in the region

Consequently, the new political dynamics of Ethiopia that have opened a peace between Ethiopia and Eritrea which could reshape the economic landscape, such as on trade, investment, and shipping in the Horn of Africa in general. So this chapter examines the economic impact of the on-going political reform in Ethiopia on sub region. Let us see one by one.

### **Djibouti**

Ethiopia and Djibouti had an amicable relationship for a long period of time, especially on economic areas; Port, trade, and railway being the main connecting factors for the two states. Currently, new developments like electricity export, infrastructural linkages and social as well as political relations are further intensifying the two countries' relations. Due to the strong mutual interest of the two countries' interests, their relationships have strengthened from time to time (Endalcachew & Kidan., 2011).

The economic relations between Ethiopia and Djibouti have been growing in recent years in almost all the sectors, because of the fact that almost 90 per cent of Ethiopia's imports arrive via the port of Djibouti (Mormul, 2016). Furthermore the renovation of the Addis Ababa – Djibouti railway is finished, and both countries are enhancing their interconnectivity in the areas of hydropower supply, trade, among other things. All this paves the way for broader cooperative partnership and political consultations on regional and global issues of common concern, especially those related to the security, peace and stability in the region of the Horn of Africa (*Ibid*).

In terms of bilateral diplomatic, economic and political ties, the relations between Ethiopia and Djibouti in the post 1991 period have been intensive more than ever before. They have signed many memorandums of understanding, protocols and agreements of friendship and cooperation

at various times. Currently, more than seventy agreements are signed in various fields between the two countries (Hailemariam, 2012).<sup>7</sup>

For the sake of this paper, major areas like port, trade, etc. areas are selected to be analyzed in order to understand economic impact of the contemporary Ethiopia political reform, on Djibouti.

### **Port**

Ethiopia used to enjoy access to the Red Sea via Eritrea, Asseb and Massawa, until the outbreak of Ethio-Eritrea War in 1998. Ethiopia used Asseb and Massawa as entry point to the sea before the secession of Eritrea from Ethiopia, which led Ethiopia land-locked country in 1993. The border conflict between Ethiopia and Eritrea has led to profound changes in the Ethio-Djibouti relations. As a result of the war, Ethiopia's access to the Sea has been limited to Djibouti and, hence, increased both countries' interdependence (Endalcachew & Kidanu, 2011).

The outbreak of the war between Ethiopia and Eritrea in 1998 has brought a considerable and on-going economic windfall for Djibouti. Since 1998 Djibouti's handling of Ethiopian general cargo and petroleum products has multiplied as it became the principal conduit for Ethiopia's foreign trade (Styan, 2013).. Consequently, the use of port of Djibouti has become as important pillar of relations between Ethiopia and Djibouti for over period of time. Nowadays the port Djibouti is the principal transit point for cargo in and out of Ethiopia which is about 95% of Ethiopia's import/export traffic (Ibid).

Predictably, over the past 20 plus years, Ethiopia's dependency on Djibouti's port services has contributed hugely to present day Djiboutian socio-economic situation; and inversely, Djibouti contributing to Ethiopia's developmental and economic activities.

Currently, political reforms in Ethiopia are being led by the newly elected Prime Minister, Abiy Ahmed. In the short period of time he has been in power, he made significant changes, such as the release of political prisoners, removal of terror labeling from the opposition and rebel organizations, as well as signing of a long overdue peace agreement with Eritrea (Ahmed, 2018). The latter is what could affect the Djibouti port investments, as Djibouti relies heavily on

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<sup>7</sup> Hailemariam Desalegn (2012), -Speech Delivered on the 11th Ethio-Djibouti Joint Commission Ministerial Meeting, on January 17, 2012, Republic of Djibouti.

payment of port services by handling Ethiopian imports and exports. The Ethiopia-Eritrea peace will give Ethiopia access to a third Red Sea port after the port of Somaliland (Berbera) and Djibouti, through which it can import and export its goods.

At 15<sup>th</sup> Djibouti-Ethiopia Joint Ministerial Commission meeting, both sides have scaled up the gains achieved in port operation and transportation. They have made great efforts to remove impediments to enhance the efficiency of the port and ensure effective utilization of transport links. Enhancement of the quality of operations as well as completing interconnection projects, and initiating new phases of railway projects to augment integration, which were discussed in detail. Joint mechanisms have been put in place. Both sides agreed that completion of infrastructure projects was essential to fast-tracking economic integration. They agreed to work to launch the natural gas pipeline project by fast-tracking technical issues.<sup>8</sup>

However analysts already identified Djibouti as the likely loser in the Ethiopia-Eritrea peace agreement, as following the border war, landlocked Ethiopia moved the main seaport for its imports and exports from Eritrea to Djibouti, which currently accounts for about 90% of Ethiopia's port traffic.(Lilley,2018). Ethiopia pays Djibouti about US\$1.5 billion for port services annually and Djibouti's position could come under threat, if Ethiopia starts using Eritrean ports (Lilley, 2018).

The Ethiopian Herald, (22August 2018), has observed that resolving a decades-long conflict between Ethiopia and Eritrea would strengthen overall regional stability and open new doors for economic trade and prosperity. But, there are very real losers in that scenario and assuming normalization efforts continue, Ethiopia could soon have the option to use Eritrea's ports, which are closer and more convenient than Djibouti to be sure Ethiopia had already been looking for diversifying its port access. This would lead to Djibouti stands to lose much of the foreign currency it earns annually from exports and imports passing through its ports (Lilley, 2018).

But my informant of the Ministry of Foreign Affairs, has argued that the peace deal between Ethiopia and Eritrea and the possible shift of Ethiopia to Eritrean ports is not a threat to

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<sup>8</sup>Agreed Minutes of the 15<sup>th</sup>Ethio-Djibouti Joint Ministerial Commission meeting, 30-31 Jan, 2019, Djibouti.

Djibouti, Djibouti port for Ethiopia is a rapidly developing country and Djibouti with a population of just about million incapable to handle the fast-growing Ethiopian economic needs.<sup>9</sup> He also said that, Ethiopia had already been looking to diversify its port access even before the Ethio –Eritrea peace deal. Furthermore, port Sudan, Berbera and, to some extent port of Mombasa are at a disadvantageous position due, to long distances and, they need a work of upgrading, if Ethiopia wishes to use them proportional to its interests, as Assab, and Mistewa despite their geographical proximity is good to Ethiopia are not functional currently, due to lack of infrastructural link. Consequently, the Port Djibouti port has become continuous to be principal port to Ethiopia.<sup>10</sup>

Needless to add, from all the ports Ethiopia could use, the Eritrea port are the closest port to Addis Ababa (some 781km away) as shown in Table 1 below. And this reinforces the critical importance of Eritrea for a cost efficient Ethiopia's supply chain.

Table 1: Port distances from selected towns (km)

	Djibouti	Massawa Eritrea	Port Sudan Sudan	Assab Eritrea	Berbera Somaliland	Mogadishu Somalia	Bossaso Somalia
Addis Ababa	910	1163	1881	882	964	1507	2231
Bahr Dar	1021	1003	1326	987	–	–	–
Dire Dawa	303	–	2404	937	483	483	–
Mekele	940	391	1788	899	1736	1736	–

Source: Love, 2009:31

<sup>9</sup> Interview with Mr Haile Tefera, Djibouti Desk Minister Councillor, in Minister of foreign Affairs of Ethiopia, on April, 2, 2019, Addis Ababa.

<sup>10</sup> Interview with Mr Haile Tefera, Djibouti Desk Minister Councillor of Minister of foreign Affairs of Ethiopia, on April 2, 2019, Addis Ababa.

Ethiopia has impressive economic relationships with Djibouti particularly in port services- through which most of Ethiopia's goods are imported via Djibouti. The two countries have also healthy relationship with Djibouti in terms of infrastructure such as road, railway and airways as well; in addition to, Ethiopia exporting energy and electricity to Djibouti. Fiber optics also come from Djibouti to Ethiopia, While Water is also going from Ethiopia to Djibouti.<sup>11</sup>

In general, the peace deal between Ethiopia and Eritrea will not be a threat to Djibouti in short run due to several reasons; the first one is lack of infrastructural link and facilities the Eritrea port is not functional, second the peace deal between Ethiopia and Eritrea is not yet materialised and no specific agreement between them, third currently, Ethiopia expand Industries park and sign and ratified Continental Free Trade Area agreement so in order to manage these scenario Ethiopia need more ports rather than shifting and losing the Djibouti port.

### **Trade**

The two countries have had strong relationships, tied with trade, investment socio-economic relations as well as common strategic and security agreements. The Joint Ministerial Commission has been providing an important venue to underline the need to work closely the economies areas to improve the conditions and ways of life of the populations on both sides of the border.

The government of Djibouti has taken several measures including improving policy framework, establishing free trade zones, and port developments that would help create conducive trade and investment environment in the country. Ethiopia and Djibouti has been making substantial large-scale trades. Ethiopia accounts for 70% of Djibouti's regional exports, consisting primarily of domestic products. Ethiopia also provides 76% of Djibouti's regional imports that makes it significant trade partner for Ethiopia.<sup>12</sup>

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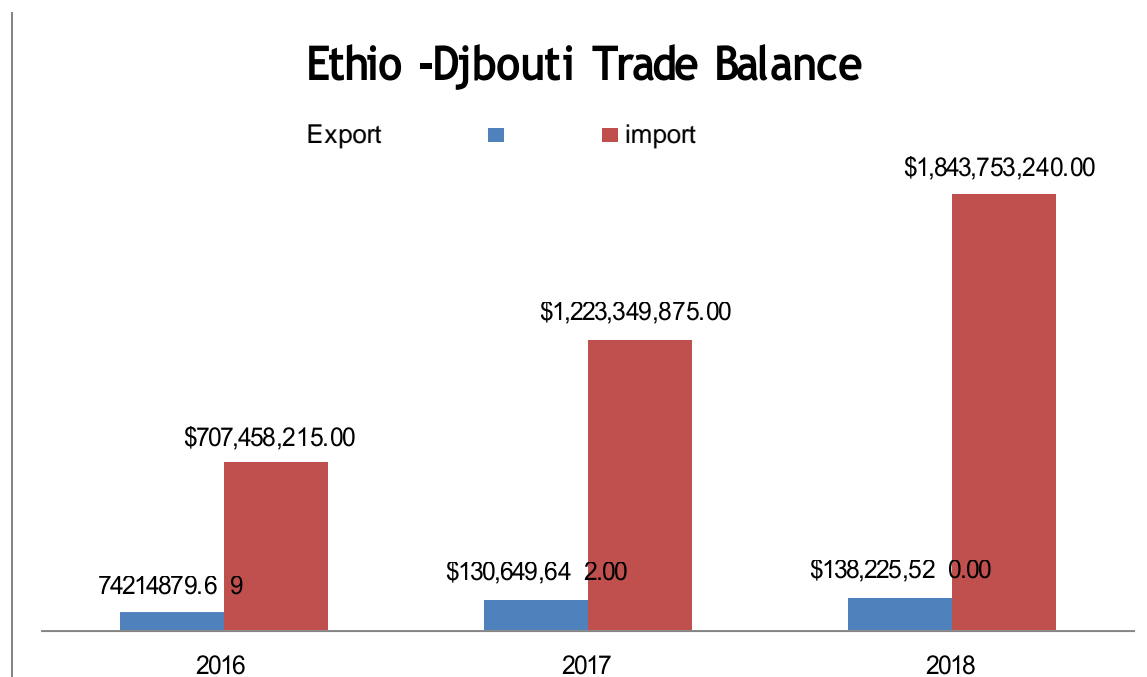
<sup>11</sup> Interview with Dawit Yirga, Director General for neighbouring countries Affair, in the Ethiopian Ministry of Foreign Affairs, March 20, 2019, Addis Ababa.

<sup>12</sup> Interview with, Fekru Tadesse, Bilateral and Regional trade relation and negotiation, Directorate Director in ministry of Trade and industry, on, March, 15, 2019, Addis Ababa..

Table 2: The Ethio-Djibouti trade overtime

Year	Export	Import	Trade Balance
	Value by USD	Value by USD	
2016	\$ 74,214,879.69	\$ 707,485,485.00	\$ 633,270,605.31
2017	\$ 130,649,642.30	\$ 1,223,349,875.20	\$ 1,092,700,232.90
2018	\$ 138,225,520.70	\$ 1,843,753,240.16	\$ 1,705,527,719.46

Source: FDRE Ministry of Trade and Industries



As shown in the Table 2 and chart 1 the volume of trade (i.e. import +export) between the two countries is increasing in general since 2016. The net trade balance is in favour of Djibouti with exception of the 2016, which favour the Ethiopian side. This is due to, as noted earlier,

Djibouti's small market size attributed to its small population and low consumption capacity in the country to absorb Ethiopian products.

In general Ethiopia and Djibouti enjoy important cross border trade that indicates natural interdependence between the two countries, which is the base for the creation of successful regional integration. The agro-ecological and natural resource difference, access of regular transportation facilities (railway and road) and strong social connections between Djibouti and eastern part of Ethiopia positively contribute to the strengthening trade between the two countries.

The Ethiopian political reform, give more attention to the neighbouring countries by opening their door for trade and investments this gives a chance to export commodities to Ethiopia as the above table show that after political reform in Ethiopia Djibouti exports is higher than before reform.

### **Eritrea**

The new era of partnership started between Ethiopia and newly independent Eritrea 1991. On September 1993, the two governments signed the Asmara Pact, which formally cemented the relationship between the two sovereign states after Eritrea's *de jure* independence on May 1993, until the emergence of conflict in 1998, Eritrea and Ethiopia enjoyed a strong economic, cultural and security relations. Before to the outbreak of the war, Ethiopia was Eritrea's top export partner (Arone, 2018).

They were signed the pact involved 25 protocol agreements and established three joint-technical committees and a ministerial committee to oversee full implementation of these cooperative arrangements (Woldemariam, 2015). The pact dealt with a range of issues including borders, trade, and investment, the preservation of the free flow of goods and services, capital and people which ensured Ethiopia's continued free access to Eritrea's sea ports (Ibid). But the attempt failed largely because the terms and implementation of the extant preferential arrangement favoured Eritrea. Although the preferential trade arrangement between Eritrea and Ethiopia was extensive, it lacked a comprehensive formal agreement such factors contributed for the outbreak of war that ended the formal economic ties.

There were –at least 61 attempts| to mediate between the two nations, but Asmara had rejected all requests. Russia, the European Union, and Qatar were among those that proposed to mediate in the last two decades. (Reuters June 6, 2018)

Recent political reforms in Ethiopia, however, have caused a rapprochement between the two countries, which ended a military stalemate along the border on July 2018. The policy change in Ethiopia has been perhaps the most impactful development in the politics of the Horn of Africa. Consequently, the current rapprochement is anticipated to have a positive impact on efforts to manage and resolve several intra-state conflicts in the Horn such as the civil wars (Arone, 2018).

Reconciliation between Eritrea and Ethiopia has ushered in promising of a regional peace. Peace between the two countries has paved the way for regional cooperation in security and development. Eritrea, Ethiopia, and Somalia have signed a tripartite peace and friendship agreement while Eritrea and Djibouti have also agreed to normalize relations and work cooperatively (Bereketeab, 2019).

Ethiopia's, political transformation and steps toward reform naturally led to a paradigm shift in the country's policy towards Eritrea. This new approach was based on two key elements – peace with unequivocal commitment to comply with the rulings of the Eritrea-Ethiopia Boundary Commission (EEBC) and establishing economic mutual interdependence underpinned by the complementarities of the economies of both countries (Yemane, 2018).

The governments of Ethiopia and Eritrea have reached the following joint agreement that reflects the desires and aspirations of their peoples: The Agreement consisted of five points: (i) ending the state of war, (ii) cooperation in political, economic, social, cultural and security issues; opening embassy in respective capital, (iii) links in trade, communication, transport, (iv) implement the border decision, (v) work together for peace and security in the region (Peace and Friendship Agreement 2018).<sup>13</sup>

The rapprochement has already yielded the benefits for the Eritrean population, transport, trade, and communication's links re-established, and, phone calls between the countries had been restored, commercial flights between the two nations resumed, embassies reopened in the two capitals, the 'no war, no peace' stalemate has been most axis for instability within both countries,

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<sup>13</sup> Signed, Joint Declaration of Peace and Friendship, between Eritrea and Ethiopia on July 9, 2018

with both governments supporting the other's opposition movements (including armed opposition). Although this dynamic fits into a long-standing regional pattern of mutual destabilization, it cuts across the national and economic security interests of both countries. (Jason, 2018)

In sum, peace and stability between the two can reignite once-thriving cross-border trade and economic activities. Peace and stability will significantly help promote investment, socio-economic growth, poverty reduction, and general development in Eritrea and Ethiopia. Hence in this section I discuss in detail the economic impact of the peace deal between Ethiopia and Eritrea.

### **Opening of the Border**

Article 3 of the joint peace accord aspires for the resumption of transport, trade, and communication links between the two countries.<sup>14</sup> And according to Ambassador Araya Desta Permanent Representative of Eritrea to the Africa Union and United Nations Economic Commission for Africa said that, Eritreans have been traveling to northern Ethiopian cities to buy fuel, foodstuffs and other goods, that led to the reduction in the price of basic commodities in Eritrea, to stock up on items that are difficult or impossible to get in Eritrea, the most coveted goods to be brought back over the border into Eritrea are cement and other building materials, the opening of the border is anticipated to further enable the people-to-people relation on both sides, and to facilitate cross-border trade by increasing a free movement of labour and capital between the two countries to boost the Economy<sup>15</sup>

The shops and restaurants damaged during the war and economically paralyzed the border region. Therefore, the opening of border has transformative for the town while opening of road has been connection was part of the implementation of the provisions of the July 9 Agreement which is intended to facilitate movements of goods and people across the border. Since the

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<sup>14</sup> Signed, Joint Declaration of Peace and Friendship, between Eritrea and Ethiopia on July 9, 2018 Article 3 said that Transport, trade and communications links between the two countries will resume; diplomatic ties and activities will restart.

<sup>15</sup> Interview with Ambassador Araya Desta Permanent Representative of Eritrea to the Africa Union and United Nations Economic Commission for Africa, April 4, 2019. Addis Ababa.

opening of the border, there have been massive movements of people, goods, and trucks in both directions (Bereketeab, 2019).

Opening of the border, along the northern border has brought signs that the countries' trade history is coming back at least to some degree and Eritrea would benefit hugely from robust commerce through its ports, and relatively lower-priced grains and fruits going from Ethiopia and opening of the border after nearly two decades meant that some family and friends were joy fully reunited.<sup>16</sup>

### **Port Service**

Before its conflict with Eritrea, Ethiopia winvolved in 90% of business at Assab, while the loss of revenue following the conflict negatively affected Eritrea's business activity. Assab, relative proximity to the Ethiopian capital, Addis Ababa, makes it an attractive route for Ethiopian trade and could boost activity further.<sup>17</sup> From all the ports Ethiopia could use, Assab is the closest port to Addis Ababa as shown in Table 1 Above. This reinforces the critical importance of Eritrea for a cost efficient Ethiopia supply chain.

Port access is vital for any trading economy, and it is an obvious basis for economic interdependence in a region with three landlocked countries.<sup>18</sup> It is also an acutely sensitive matter for Ethiopia, which is the most populous landlocked country in the world, while the port's relative proximity to the Ethiopian capital, Addis Ababa, makes it an attractive route for Ethiopian trade and to boost her trade activity further Ethiopia should depend on, exclusively on Eritrean ports in the future. Hence Eritrea need to identify other long-term sources of revenue generation. The Eritrean official, end to a two-decade war with neighbouring Ethiopia means the

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<sup>16</sup> Interview with Dawit Yirga, Director General for neighbouring counties Affair in the Ethiopian Minis try of Foreign Affairs, March 20, 2019, Addis Ababa.

<sup>17</sup> Interview with Mr Mrojige Osso Orcho Eritrean Affair Minister Councillor in the Ethiopian Ministry of Foreign Affairs, April 3, 2019, Addis Ababa.

<sup>18</sup> There are three landlocked countries in the horn of Afriac Namely Ethiopia, Uganda. And south Sudan

country that sits on a key shipping route to the Suez Canal may be able to place some working-age people in industries such as infrastructure and agribusiness and spur self-employment.<sup>19</sup>

### 4.3.3. Lifting Sanctions

The sanctions against Eritrea (which were imposed in 2009, and then broadened several years later) were never or truly about Eritrea's alleged support for terrorism. The Security Council imposed an arms embargo and other tough sanctions on Eritrea in 2009 for allegedly supplying weapons to Somalia's Shabaab rebels, who opposed the Somali government, and for refusing to resolve a border dispute with Djibouti, a key American ally in the Horn of Africa (Associated Press, 2018).

The sanctions imposed on Eritrea for the last nine years have entailed considerable economic damage to the country and unnecessary hardships on its people, the asset freezes and travel ban affected individuals and businesses, the deleterious consequences of this misguided policy in terms of loss of life, displacement, migration, economic deprivation and poverty have been considerable indeed. Irreparable damage and loss of opportunities were callously inculcated to the more than 150 million people who inhabit the Horn of Africa region (Tesfa news, 2018).

More recently, then the drive for peace and cooperation between the two countries have gained momentum. Furthermore; the situation in crisis-ridden region of the Horn of Africa is improving following the Ethio – Eritrea rapprochement. Eritrea settled its longstanding dispute with Somalia, while Djibouti and Eritrea decided to settle the border issue this and the effort the three countries leader which helped the removal of Sanction against Eritrea.<sup>20</sup>

Ambassador Desta Araya said now the sanction is removed, which helps Eritrea to apply for new sources of credit and investment, free movement, free trade and also has several economic

<sup>19</sup> Interview with Ambassador Araya Desta Permanent Representative of Eritrea to the Africa Union and United Nation Economic of Africa, April 4, 2019. Addis Ababa.

<sup>20</sup> Tweeted, Somali president, on Nov 14, 2018, we welcome the arms and other targeted embargoes on Eritrea been lifted with our collective request. Thanks to the @UN Security Council for this helpful and timely intervention. The Horn of Africa region is swiftly progressing towards partnership and economic cooperation.

benefits for Eritrea. To be sure, the removal of U.N. sanctions has the potential to unlock investment and open the way for international engagement.<sup>21</sup>

#### 4.3.4 Trade

Ethiopia was Eritrea’s most important trading partner; The free flow of goods and services constituted an important aspect of the de facto Ethio - Eritrean common market, <sup>22</sup> as outlined in the 1993 Friendship and Cooperation Agreement and the subsequent pacts Eritrea’s Imports from Ethiopia during the common market period, had been agricultural inputs which were duty free while from manufacturing product, principally leather, was among Eritrea’s imports from Ethiopia, food was the most important item. The official data demonstrate that Eritrea imported a large proportion of its food from Ethiopia; between 1992 and 1997, 30 per cent of Eritrea’s food imports came from the latter. If we take into account the unrecorded food imports from Ethiopia, it should account for at least 50 per cent of Eritrea’s total food imports (Worku, 2018).

Let us look at the trade relation between Ethiopia and Eritrea over one years’ period, which is in 2018.

Table: 3 Ethiopia and Eritrea, Trade balance

Year	Export		Import		Trade Balance
	Volume by Ton	Volume by USD	Volume by Ton	Volume by USD	
2018		564900.49		57,466.45	-507,434.04

<sup>21</sup> Interview with Ambassador Araya Desta Permanent Representative of Eritrea to the Africa Union and United Nation Economic of Africa, April 4, 2019. Addis Ababa

<sup>22</sup> (Worku, 2018) The two governments agreed in April 1995 to formally create a free trade area, but a comprehensive accord was never signed. Although the Eritrean Peoples’ Liberation Front (EPLF), now The People’s Front for Democracy and Justice, and the Tigrayan People’s Liberation Front (TPLF) signed a few agreements on behalf of their respective governments (the EPLF for Eritrea and the TPLF for Ethiopia), but none was ratified by the Ethiopian parliament. This, despite the fact that Article 54 of the Ethiopian constitution requires all international treaties signed by the government be ratified by parliament.

Informants from Minister of Trade and Industry Current State of Ethiopia and Eritrea Trade As far as the export trade is between Ethiopia and Eritrea concerned, the balance is in favour of Ethiopia From the trade data, we can see that Eritrea's import from Ethiopia 564900.49 US dollars after peace agreement in 2018.<sup>23</sup>

The major imported commodities from Ethiopia are Tef, Coffee, and others. Since the Ethiopian economy is agrarian, most of the export commodities are agricultural. However, the trade sector plays a significant role in bringing the two countries close to each other, because of the fast growing economy of Ethiopia. Informal cross-border trade was taking place between the two countries, where people from Eritrea come in to Ethiopia and buy fuel, food stuffs, cement and other building materials from Ethiopia. But this situation is not long lasting as all the four border cross point closed due to, the absence of formal institution to facilitate the cross border trade,<sup>24</sup>

In general, the long-term effects of the war and the no-war-no-peace situation have proven destructive for Eritrea. And the current political dynamics of Ethiopia, which brought, hopes, and peace could create the potential for greater development and people-to-people ties on both Countries.

For now, the new trade opportunities and economic exchanges are quite ad-hoc and unregulated. This lack of formalization of the ties between Ethiopia and Eritrea should be cause for some concerns, and challenge to the current relation. Hence both leaders should ensure fair trade agreement and stable long-term relations, so that previous mistakes are not repeated. Ethiopian leaders would be wise to go step by step, rather than making comprehensive and rush decisions, and they should make sure that they are transparent with the public, and no measure is taken in their name and against them for political or other purposes. After all, even though it was downplayed at the time, disagreements over trade and economic integration were the key factors in the outbreak of the border war in 1998.

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<sup>23</sup>Interiw with,Fekru Tadesse,Bilateral and Regional trade relation and negotiation, Directorate Director in minister of Trade and industry, on, March,15,2019, Addis Ababa..

<sup>24</sup>Interview with Ambassador Araya Desta, Permanent Representative of Eritrea to the Africa Union and United Nations Economic for Africa, April 4, 2019. Addis Ababa

## Kenya

After 1991 bilateral relations between Ethiopia and Kenya have been good. The two countries laid the foundation for many projects that have been implemented up to now. Many of the trade agreements between Ethiopia and Kenya were signed before. Trade could play a crucial role in speeding up the economic growth of Ethiopia and Kenya.

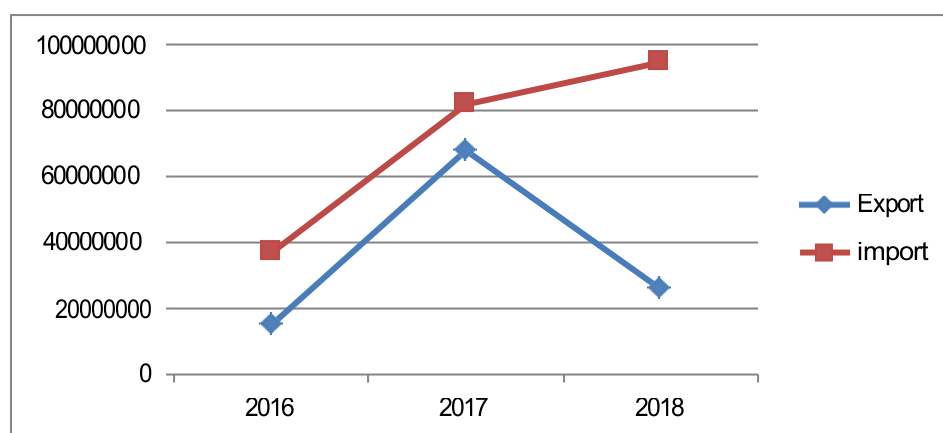
### Trade

Let us look at the trade relation between Ethiopia and Kenya over 3 years' period Table:

#### 4 Ethiopia and Kenya, Trade balance

Year	Export	Import	Trade Balance
	Value by USD	Value by USD	Trade Balance
2016	\$ 15,150,022.20	\$ 37,070,450.26	\$ 21,920,428.06
2017	\$ 68,090,545.68	81,870,089.82	\$ 13,779,544.14
2018	\$ 26,127,852.84	94,600,630.73	\$ 68,472,777.89

Source: FDRE Ministry of Trade and Industries



From the trade data, we can see that Ethiopia's import from Kenya increased from 37.7 million US dollars in 2016 to 94.6 million US dollars in 2018. It increased by 49%. The largest increase occurred in 2018. The major imported commodities from Kenya are Soaps, lubricants, pastes, Plastics Paper and paperboard, and others

## Port Service and Infrastructure

Ethio-Kenya relationship is built upon solid shared history, common culture and common destiny that has transcended the test of time, Ethio-Kenya Trade, Investment forum held in Addis Ababa on March 1, 2019, the Minister commended the decision of the High-Level Kenyan business delegation to come to Ethiopia. They argue that it has bolsters cooperation in trade, business, infrastructure and investment (FBC, 2019).

One of the initiatives after the reform regarding to the economy is Ethio-Kenya Trade, Investment forum held in Addis Ababa on March 1, 2019. The purpose of The economic forum was to strengthen economic and trade partnerships between Kenya and Ethiopia, Over 100 Kenyan government officials, corporate and business leaders are in attend the forum.<sup>25</sup>

During the summit meetings, both heads of state made bold commitments complete with clear cut time frames to implement. For instance, it was agreed that logistics for the One Stop Border Post be put in place by the end of the second quarter of 2019; both heads of state also agreed to jointly inspect and supervise the Lamu-Garissa-Moyale and Moyale-Hawassa-Addis Ababa road network.

Yet again, the Lamu Port-South Sudan-Ethiopia Transport Corridor (LAPSSET) project and the Moyale Joint city and Economic Zone project are areas where upon completion will help countries reap maximum benefits and demonstrate the power of bilateral relations.<sup>26</sup>

Ethiopia and Kenya have renewed their commitment to transforming Moyale town into a cross-border trade hub and executing the Lamu Port-South Sudan-Ethiopia Transport Corridor (LAPSSET) project as strategic drivers in transforming their economies. The Lamu Port is central to unlocking the economic potential not just that of Kenya, Ethiopia and South Sudan but also the entire East African region (7D, news March, 1, 2019).

The LAPSSET Corridor Project has proven to be a strategic focal point for both countries. During the Kenya-Ethiopia Trade and Investment Forum that took place in Addis Ababa from

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<sup>25</sup> Interview with Mr Dabong Ruto Gach , KenyaDesk Senior Officer in the Ethiopian Ministry of Foreign Affairs, April 3, 2019, Addis Ababa.

<sup>26</sup> Interview with Mr Dabong Ruto Gach , KenyaDesk Senior Officer in the Ethiopian Ministry of Foreign Affairs, April 3, 2019, Addis Ababa.

1st to 2nd March 2019, H.E, President Uhuru Kenyatta (Kenya) and Prime Minister Abiy Ahmed (Ethiopia) reaffirmed their commitment to fully implement the Lamu Port-South Sudan-Ethiopia Transport (LAPSSET) Corridor Project as a Key enabler of both economies (7D, news March, 1, 2019).

In May 2018 Kenya and Ethiopia agreed to jointly supervise and inspect the construction of Lamu-Garissa-Isiolo-Moyale and Moyale-Hawassa-Addis Ababa road networks as well as the Railway from Addis Ababa to Nairobi along the LAPSSET Corridor Route. Additionally, Ethiopia is set to build an office in Lamu, giving clear signs of its intention to shift some of its logistics operations to the Kenyan coast, with the Kenyan government having committed to formally acquire and set aside land in Lamu Port to enable Ethiopia set up its logistics facilities (7D, news March, 1, 2019).

According to my informant from the MOFA of Ethiopia is on the rise, setting up World-class sustainable Industrial eco-parks aimed at coordinated production along value chains and dedicated for specific sectors such as textile & apparel, leather & leather products, pharmaceuticals, agro-processing, vehicles assembly, food processing, electronics, paper & allied products, chemicals, construction materials & house hold appliance manufacturing. Construction of the Hawassa - Moyale road is currently on-going giving strong indications that Lamu Port will serve as an export point for Ethiopia's agro and industrial products.<sup>27</sup>

## **Sudan**

As the border shared with Sudan is the largest of its kind for Ethiopia, the two countries have a strong people-to-people relationship. The facts that, while a significant number of Ethiopians have taken up residence in Sudan, Ethiopia is also home to a significant number of Sudanese, including refugees.

Currently, the relations between Ethiopia and Sudan are not limited to historic connections but are rather being steadily diversified into a whole range of issues, from strengthening economic interaction to continuous political consultations, and, indeed, reaching a common stance over the

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<sup>27</sup> Interview with Mr Dabong Ruto Gach , Kenya Desk Senior Officer in the Ethiopian Ministry of Foreign Affairs, April 3, 2019, Addis Ababa.

importance of the Grand Ethiopian Renaissance Dam for regional integration<sup>28</sup>. The ties between the two countries are continuing to gather momentum within a framework of mutual benefit and trust. Currently, their relations are conducted both at the Joint Ministerial committee and High Level Committee (between leaders of the two countries) levels.<sup>29</sup>

According to my Informant from the MOFA, the current political reform in Ethiopia has an impact on economic cooperation between the two countries, mutual benefits had been achieved in a number of areas including banking cooperation, trade, industry, customs, transportation, livestock and investment and free zones.<sup>30</sup>

## **Trade**

There is a good bilateral trade between Ethiopia and Sudan as Ethiopia shares its largest border with Sudan, which facilitates the movement of goods and services between the two countries in both formal and informal levels. The history of trade relations between Sudan and Ethiopia is very old. In the last decades, the trade between the two countries has witnessed a sharp progress, particularly after the establishment of COMESA, as both countries are the main members of the treaty. Moreover, Ethiopia and Sudan have signed bilateral trade agreement in 2002 to foster free trade by eliminating barriers to trade and promoting free competition. Since then, the trade flow between the two countries has increased considerably. Furthermore, the advent of oil in Sudan in 1999 raised the bilateral trade between Ethiopia and Sudan, as most of Ethiopian oil imports were originated mainly from Sudan (Ebadalla, 2019).

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<sup>28</sup> Sudan support the construction of the Grand Ethiopian Renaissance Dam is due to the reason that the dam would reduce sedimentation, reduce water loses and provide regulated flow and minimize flood in Sudan. Further, Sudan has agreements for hydro-power purchase from Ethiopia, and, thus, Sudan would get cheap hydropower.

<sup>29</sup> Interview with Andargu Berehe, Sudan Desk Minister Councilor in the Ethiopian Ministry of Foreign Affairs, April 02, 2019, Addis Ababa.

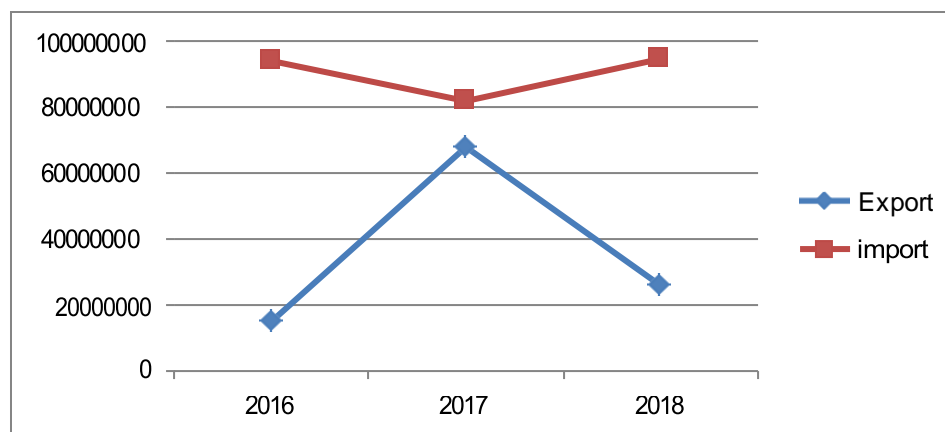
<sup>30</sup> Interview with Andargu Berehe, Sudan Desk Minister Councilor in the Ethiopian Ministry of Foreign Affairs, April 02, 2019, Addis Ababa.

Let us look at the trade relation between Ethiopia and the Sudan over Three years' period

Table: 5 Ethiopia and, the Sudan Trade balance.

Year	Export	Import	Trade Balance
	Value by USD	Value by USD	Trade Balance
2016	\$ 15,150,022.20	\$ 94,074,658.23	\$ 78,924,636.03
2017	\$ 68,090,545.68	\$ 81,870,089.82	\$ 13,779,544.14
2018	\$ 26,127,852.84	\$ 94,600,630.73	\$ 68,472,777.89

Source: FDRE Ministry of Trade and Industries



From the trade data, we can see that Ethiopia's import from the Sudan decreased from 94.0 million US dollars in 2016 to 81.8 million US dollars in 2017. It increased to 94.6 million us dollars in 2018. The major imported commodities from Sudan are Mineral fuels, oils, distillation

products, Edible vegetables and certain roots and others it show that the Ethiopian economy is highly dependent on fuel and fuel products.

### **Port service**

Ethiopia and the Sudan, they established various institutions to ensure peace and development in the two countries. For instance they established a Joint Border Development Commission so as to cement a good relationship and cooperation between them on security, peaceful co-existence and deepening people- to- people relations especially local communities.<sup>31</sup>

The Government of Ethiopia officially announced its desire to conduct fifty per cent of its foreign trade through Port Sudan. Ethiopia has secured land in the Sudan to construct a port facility that would handle Ethiopia's foreign trade conducted in Port the Sudan. The two countries have been working together in infrastructural development including road construction which is important for further use Port Sudan (Xinhua net, 2017<sup>32</sup>).

They have also a plan to construct a rail way that connects Ethiopia and the Sudan. In 2000, Ethiopia and the Sudan were reached an agreement to build a railway linking Port Sudan on the Red Sea to Ethiopian border towns.<sup>33</sup> Likewise, recently in May 3, 2018 Ethiopia and the Sudan have agreed to jointly develop and administer Port Sudan to facilitate Ethiopia's access to the sea. The new Ethiopian Prime Minister, Abiy Ahmed, agreed with President Omer Hassan Al- Basher of Sudan to jointly develop the port for mutual benefit (Horn diplomat, May 3, 2018<sup>34</sup>).

Furthermore, recently the Ethiopian government has made a major shift in policy that is from government monopoly to privatize mega state owned enterprises, including the Ethiopian Shipping Lines. The major reason behind the decision was the need to reform Ethiopia's economy through allowing private enterprise to invest and modernize the services. It enables private companies to promote foreign trade by developing the available port services (Xinhua

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<sup>31</sup> Interview with Andargu Berehe, Sudan Desk Minister Councilor in the Ethiopian Ministry of Foreign Affairs, April 02, 2019, Addis Ababa.

<sup>32</sup> Xinhua net (2017, August 18). Ethiopia eyes 50 per cent import needs via Port Sudan. Accessed from: <https://www.xinhuanet.com/English/2017-08/18/c-136534339.htm>.

<sup>33</sup> News 24 (2001-01-09 11:35). Railway to link Sudan and Ethiopia. Accessed from: <https://www.news24.com/xArchive/>.

<sup>34</sup> Horn diplomat (2018, May 3). Ethiopia, Sudan agreed to jointly develop and manage Port Sudan. Accessed from: <https://www.horndiplomat.com/2018/05/03>.

net, 2018-08-05<sup>35</sup>). Therefore, in the future, there is the opportunity that private companies along with government involvement will develop Port Sudan, which, in turn strengthens the prevailing Ethio-Sudanese relations. This would benefit the two countries in various ways. There should be sure that Ethiopia has been predominantly using Port Djibouti and the contribution of Port Sudan is relatively small. <sup>36</sup>

Ethiopia, as a land locked county, has strong desire to have alternative port facility, and, the Sudan has the desire to rent its port. Consequently, the two countries agreed to jointly develop Port Sudan. If Ethiopia and Sudan implement the agreed set of plans effectively and Ethiopia manages to utilize the port, it has the potential to further integrate the two countries in economic, diplomatic, security, and political areas. Countries, which have good economic relations, are less likely to engage in a conflictual cross-border confrontation. Thus, it is safe to argue that in the future, further use of Port Sudan has the prospect for further strengthening diplomatic and political relations between the two countries. <sup>37</sup>

Currently the Sudan's President Omar al-Bashir has been removed by the military after months of anti-government protests against his three-decade rule. There is no legitimate government in Sudan It should help them reflect on the lessons of other democratic transitions Like Ethiopia and the critical roles played by civil society in ensuring a democratic Sudan that is inclusive, participatory, and respects the rights of all its citizens. This also will help to guarantee peace and stability in the region.

## South Sudan

The Republic of South Sudan is the world's youngest nation. It became independent from Sudan after a referendum held in January 2011, and the newly born country faced difficult challenge of building a nation-state after decades of civil war. As with any new country in this position, South Sudan is facing numerous political, economic, diplomatic, environmental and popular

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<sup>35</sup> Xinhua net (2018-08-05). Ethiopia to evaluate privatization of large State-Owned enterprises. Accessed from: <https://www.xinhuanet.com/English/2018-08/05/c137368315.htm>.

<sup>36</sup> Interview with Andargu Berehe, Sudan Desk Minister Councilor in the Ethiopian Ministry of Foreign Affairs, April 02, 2019, Addis Ababa.

<sup>37</sup> Interview with Andargu Berehe, Sudan Desk Minister Councilor in the Ethiopian Ministry of Foreign Affairs, April 02, 2019, Addis Ababa.

challenges. Ethiopia's commitment to peace-making in South Sudan has been critical for regional stability. It has much to gain from continuing this engagement, including a secure border and trade with a stable neighbour. But achieving lasting peace after South Sudan's two-year-long civil war is a long-term undertaking (Crisis Group, 2017).

Ethiopia has shown strong leadership and a high level of direct involvement in peace efforts making in Sudan and South Sudan that few countries can match. Besides, Ethiopia has been significantly contributing in bringing reconciliation and ensuring sustainable peace in South Sudan. Like Sudan, South Sudan is a reliable friend for Ethiopia, which is a major negotiator in the framework of IGAD. Ethiopia is trying to make sure that peace and stability prevails there. Their economic relations will be strengthened in the course of time.<sup>38</sup>

The development of strong commercial relations between Ethiopia and its two Sudanese neighbours is constrained by the fact that the communities living in their respective border zones are among the poorest in the countries involved. With relatively little trade between the borderland communities, the main forms of cooperation have developed at state-to-state level. Apart from Sudan's Ethiopia shares long border with south Sudan.<sup>39</sup>

South Sudanese ambassador to Ethiopia, David dang Kong, also affirmed that his country's relations with Ethiopia were 'good', adding that the two neighboring countries are working together. In addition, he articulated Ethiopia as his second home, a sentiment he said shared among South Sudanese people, denoting Ethiopia's role in the South Sudanese peace making process during the conflict in 2013 as an example helping strengthen relations between the two countries.<sup>40</sup>

He appreciates the current political reform in Ethiopia. According to him despite South Sudan being busy in domestic peace making affair, in long run will have economic impact but not yet.

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<sup>38</sup> Interview with Ambassador David Dang Kong, Deputy Head of Mission in Embassy of The republic of South Sudan on, April, 8, 2019, Addis Ababa.

<sup>39</sup> Interview with Ayalew Alemu, South Sudan Affairs minister councillor of minister of Foreign Affairs on April 2, 2019, Addis Ababa.

<sup>40</sup> Interview with Ambassador David Dang Kong, Deputy Head of Mission in Embassy of The republic of South Sudan on, April, 8, 2019, Addis Ababa.

Meanwhile, the relationship between Juba and Addis Ababa has expanded considerably, with new agreements on trade and economic development.<sup>41</sup>

## 4.6.1 Trade

Let us look at the trade relation between Ethiopia and South Sudan over 3, years' period Table:

### 6 Ethio - South Sudan Trade relation

Year	Export	Import	Trade Balance
	Value by USD	Value by USD	Trade Balance
2016	\$ 611,383.33	\$ -	\$ (611,383.33)
2017	\$ 1,804,526.46	\$ 180,445.25	\$ (1,624,081.21)
2018	\$ 1,798,694.58	\$ 208,863.08	\$ (1,589,831.50)

Source: FDRE Ministry of Trade and Industries

From the trade data, we can see that Ethiopia's import increased from zero dollars in 2016 to 180,445.25 thousand US dollars in 2017. It further increased to 208,863.08 thousands USD in 2018.

## Somalia

The relation between Ethiopia and Somalia has not been a healthy one, for decades. But currently the Ethiopian political reform which brought about reconciliation between Eritrea and Ethiopia has ushered in a regional peace process. Peace between the two countries has paved the way for regional cooperation in security and development. Eritrea, Ethiopia, and Somalia have signed a tripartite peace and friendship agreement while Eritrea and Djibouti have also agreed to normalize relations and work cooperatively. Sudan has also shown keen interest in these regional developments (Yemane, 2018).

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<sup>41</sup> Interview with Ambassador David Dang Kong, Deputy Head of Mission in Embassy of The republic of South Sudan on, April, 8, 2019, Addis Ababa.

Prime Minister Abiy Ahmed of Ethiopia paid a surprise day-visit to Somalia and his unannounced bilateral discussions, the first by any Ethiopian leadership, was the talk of investment of Somalia ports and road connectivity that would link Somalia to landlocked Ethiopia (Mahad, 2018).

In his first visit to Mogadishu, Ethiopia's new Prime Minister focused on the economy rather than the thorny political issues. During the visit, the Somali President and the visiting Ethiopian Prime Minister shared with the public a joint communiqué—a partnership on joint investment in four key Somali ports, as well as plans for economic integration through inland by expanding the linkages to connect Somalia ports to Ethiopia. This deal, between the the two former rival countries, Somalia and Ethiopia breaks the tradition of state visit and bilateral agreements, which require an advance preparation and experts to lead the bilateral discussions from both the hosting and visiting leader. This is the first time in history that an Ethiopian leader has been on a bilateral visit to Somalia where the only focus of the discussion was on economy topics rather than the thorny political issues (Mahad, 2018).

## Chapter Five

### 4. Implication to the Sub Regional Economic Integration schemes.

#### Introduction

Countries in the Horn of Africa have been engaged in formal regional integration activities since the first half the of 1980s, after the establishment of the Intergovernmental Authority for Drought and Development (IGADD) (Abdulqadi, 2018). The initial purpose was to combat desertification, ensure food security, and maintain peace and security through coordinated and harmonized policies, programs, and actions (Ibid).

Regional integration has potential economic benefits to HoA countries: it allows increased flow of inter-regional and intra-regional FDI due to an expanded market access for investors. It facilitates trade and investment, thereby allowing broad based and fast economic growth for member countries.

<sup>42</sup> Recently, people of the Horn of Africa, have been engaged in debates about new bold ideas of reform presented by the new populist, energetic leader of Ethiopia, Abiy who has embarked on a wide-ranging transformative reform in Ethiopia and a regional integration initiative in the Horn of Africa region (Costantino, 2018).

Following the recent efforts to achieve normalisation with Eritrea, Ethiopia's Prime Minister, Abiy Ahmed embarked on a shuttle diplomacy mission across the Horn of Africa. Since the signing of the landmark June 2018 peace agreement between the two nations, Abiy held several bilateral and tripartite summits both in Addis Ababa and in other Horn of Africa capitals to help resolve some of the region's deep-rooted problems and kick-start a process of political integration (Aljazeera, April, 6 2019)

Abiy has said that his vision for the Horn of Africa is informed by -Medemerl. This is a philosophy of collaboration that appeals to peaceful co-existence, equal partnership, and equitable sharing of benefits and he aims to create new alliances and opportunities to end the colossal waste of human potential. In doing so, his vision aims to make nations and peoples in

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<sup>42</sup> Interview with Mr Kenea Kuma IGAD Affair Minister Councillor in the Ethiopian Ministry of Foreign Affairs, April 3, 2019, Addis Ababa.

the Horn stakeholders in regional peace and stability by creating new sources of optimism for a more positive future. (Africa Argument, 5, 2019)

### **The Main Pillars of Implications**

In this subsection of the thesis attempts have been made to identify the key issues and efforts made by Prime Minister Abiy Mehamed in relating to regional integration and to assess how these issues and efforts made may implications have for the sub-regional integration schemes in the Horn of Africa.

#### **Peace and Stability**

Lack of strong political will is considered to be the single most important bottleneck to the regional integration in the Horn of Africa. The region has witnessed internal and cross border conflicts and distractive wars for the last half a century. The Ethio-Somalia war in the late 1970s and early 1980s, the diplomatic row between Sudan and Ethiopia in 1995, the Ethio-Eritrean and Eritrea-Djibouti border conflict in 1998 and 2008 respectively and other conflicts have slowed down the regional integration and cooperation and highly curbed achievements.

The Horn of Africa's long-standing pattern of exclusive bilateral ties, mistrust, and mutual destabilization is now giving way to cooperative efforts to establish a peaceful and safe neighbourhood. The new premier has brought about a wide-ranging transformative economic and political reform in Ethiopia, regional integration initiative in the Horn of Africa region, and relative peace with Eritrea after two decays.<sup>43</sup>

Apart from furthering inter-state peace and stability, the Ethio-Eritrea peace deal has also a wider regional implication. For about two decades, the conflict between the two neighbors affected the political economy of many countries in the region, such as Somalia, as the latter served as a proxy in the conflict. Addis Ababa and Asmara were sponsoring rival groups in Somalia to further their socioeconomic and political agendas. This, in turn, severely constrained the overall peace and security of the wider Horn of Africa. Hence, the effort to address the long – lived Ethio-Eritrea conflict can positively influences regional peace and stability (Abdirahman, 2019).

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<sup>43</sup> Interview with Mr Kenea Kuma, IGAD Affairs Minister Councillor in the Ethiopian Ministry of Foreign Affairs, April 3, 2019, Addis Ababa.

The rapprochement between Eritrea and Ethiopia has ushered in a regional peace process. Peace between the two countries has paved the way for regional cooperation in security and development. Eritrea, Ethiopia, and Somalia have signed a tripartite peace and friendship agreement while Eritrea and Djibouti have also agreed to normalize relations and work cooperatively. Sudan has also shown keen interest in these regional developments. Moreover, with Eritrea now working in close cooperation with both Ethiopia and Egypt, there is no reason that a mutually beneficial settlement to the long running Nile dispute cannot be arranged in the near future (Yemane, 2018).

In his regional tours, PM Ahmed clearly communicated messages of peace, cooperation, and brotherhood where he was warmly received by the people and governments of the region and the international community within a period of three months, the premier has paid maximum attention to regional cooperation and integration issues. His staunch support for regional integration is demonstrated by his visits to all neighboring countries and his enthusiastic expression of Ethiopia's renewed interest for regional integration in the Horn of Africa. To this effect, Ethiopia made agreements with Djibouti and Sudan aiming to jointly develop sea ports and foster investment on joint infrastructure projects. Similarly, Ethiopia and Somalia agreed to work towards a free trade and the gradual move for full economic integration.<sup>44</sup>

According to my informant from MOFA, Mr. Dawit Yirga Director General for neighbouring Counties Affairs Prime Minister Abiy Ahmed took several efforts to bring about sustainable peace and meaningful cooperation in the region. Consequently, among those on March 2018 Abiy met Issayas Afwerki and South Sudan's President Salva Kiir in Juba to further the Intergovernmental Authority of Development-led peace process in the country. And also Abiy, Farmajo and Kenyan President Uhuru Kenyatta got together in Nairobi to try to resolve the maritime dispute between Kenya and Somalia. However, this meeting failed to produce a

<sup>44</sup> Interview with Dawit Yirga, Director General for neighbouring counties Affairs in the Ethiopian Ministry of Foreign Affairs, March 20, 2019, Addis Ababa.

tangible solution, with Mogadishu making it clear that they will wait for the decision by the International Court of Justice.<sup>45</sup>

In September 2018, a tripartite cooperation agreement was signed between Abiy, Eritrean President Isaias Afwerki and Somalia's President Mohamed Abdullahi Farmajo. The three leaders also made a joint declaration on Comprehensive Cooperation with the following four points: (a). the three countries shall foster comprehensive cooperation that advances the goals of their peoples; (b). Shall build close political, economic, social, cultural and security ties; (c) Shall work in coordination to promote regional peace and security; (d).and the three governments establish a Joint High-Level Committee to coordinate their efforts in the framework of this Joint Declaration (Abdirahman, 2019).

The current internal dynamics, and the coming of Abiy that caused the rapprochement of Ethiopia and Eritrea is anticipated to have a positive impact on efforts to manage and resolve several intra-state conflicts in the Horn such as the civil war in South Sudan and Somalia. Abiy's mediation efforts and other Horn of Africa leaders' willingness to take part in them are undoubtedly a positive step towards political integration, sustainable peace and meaningful cooperation in the region.<sup>46</sup>

### **Port Service**

Ethiopia's Prime Minister Abiy Ahmed has repeatedly emphasised port developments on his whistle-stop tour of neighbouring countries, including Somalia, Sudan and Djibouti. The rapprochement between Ethiopia and Eritrea raises the possibility that the mothballed Eritrean ports of Assab and Massawa could be rehabilitated, which are just 25km across the Bab al- Mandab straits.<sup>47</sup>

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<sup>45</sup> Interview with Dawit Yirga, Director General for neighbouring countries Affair in the Ethiopian Ministry of Foreign Affairs, March 20, 2019, Addis Ababa.

<sup>46</sup> Interview with Mr Kenea Kuma IGAD Affair Minister Councillor in the Ethiopian Ministry of Foreign Affairs , April 3, 2019, Addis Ababa.

<sup>47</sup> Interview with Mr Kenea Kuma IGAD Affair Minister Councillor in the Ethiopian Ministry of Foreign Affairs , April 3, 2019, Addis Ababa.

Prime Minister Abiy's priorities on his foreign visits are to promote economic cooperation and trade. The Horn needs improved ports and infrastructure to handle the current pace of Ethiopia's economic growth on which broader regional integration and prosperity relies. However, it is crucial to understand that Ethiopia is only seeking to diversify its access to the sea – and drive-down freight costs via increased competition (Styan, 2018). In Djibouti, Prime Minister Abiy called for joint investment in the tiny nation's ports. In Sudan, he and President Omar al-Bashir presented plans to modernise Port Sudan together. And in Somalia, he announced that Ethiopia would work with Mogadishu to upgrade four Somali ports (Styan, 2018).

Earlier this year, the 750km railway linking Addis Ababa to Djibouti – began full operations. The \$3.4 billion project – financed, constructed and managed by China – has drastically cut the time and cost of shuttling containers between Ethiopia's capital, its nascent manufacturing export zones, and Djibouti's ports. The development of prospective oil and gas projects in Ethiopian Ogaden and neighbouring Somali states, which would also be exported via Djibouti, reaffirms the port nations on going centrality to regional growth and integration (Stya, 2018).

Djibouti's efforts to speed up regional economic integration by developing ports and extensive Free Trade Zones with its Chinese partners, the entrepôt nation will remain critical for Ethiopia and prospects of regional economic integration, irrespective of developments in Eritrea or Somalia. It also seeks to maintain its competitively vis-à-vis Kenya's LAPSSET corridor, which aims to link its coast at Lamu to South Sudan and Ethiopia. (EBC; July 5, 2018)

### **Continental Free Trade Area (CFTA)**

At the 2012 AU Summit, Heads of State and Government adopted a Decision on the Establishment of a Continental Free Trade Area (CFTA) by the indicative date of 2017 and endorsed the Action Plan on Boosting Intra-Africa Trade (BIAT) which identifies seven areas of cooperation namely trade policy, trade facilitation, productive capacity, trade related infrastructure, trade finance, trade information, and factor market integration. Then in June 2015, at the twenty-fifth Summit of the African Union, held in South Africa, African Heads of State and Government agreed to launch negotiations on the creation of the CFTA by 2017 through negotiations on the liberalization of trade in goods and services. This initiative presents major opportunities and challenges to boost intra-African trade. (UNCTAD, 2016)

Ethiopia approved its membership to the Africa Continental Free Trade Agreement (AfCFTA) on February 2, 2019. The AfCFTA, one of the biggest trade agreements since the creation of the World Trade Organization (WTO), attempts to create a single market in Africa. The decision is consistent with Prime Minister Dr Abiy Ahmed's vision of creating a closer and full regional integration, where minds are open to ideas and markets are open to trade, Office of the Prime Minister said. Ethiopia's decision and track record of advocating Pan African causes will bring to reality an integrated Africa, the office Added. Among IGAD member states, Uganda, Kenya, Djibouti has already ratified the agreement. (Fana Broadcasting Corporate, February 2, 2019)

### **Infrastructures and Energy**

Infrastructure has played an important role to facilitate trade, investments and others currently the Horn of Africa implemented several infrastructure projects among them;-

Roads: Nairobi - Addis Ababa corridor (Isiolo – Moyale – Addis Ababa road): various sections are at various stages of implementation, under procurement, construction and rehabilitation, with financing from the African Development Bank (AfDB) and the European Union; Kampala – Juba corridor: Nimule – Juba sector started construction in South Sudan by early 2013 and the Gulu – Nimule (Uganda), was under procurement as of 2013; Berbera corridor (Somaliland – Ethiopia): feasibility study and detailed engineering design services were under procurement as of 2013; and Djibouti – Addis Ababa corridor: remaining section of Arta–Guelile road section in Djibouti was under construction (Solomon, 2018).

Railway: a railway linking Djibouti, Ethiopia, and South Sudan has been under construction. A 756km electric-powered railway connecting Ethiopia and Djibouti has been under construction and at the end of 2015 it reached 90% milestone. Other projects identified for development and currently under preparation include the Lamu Port-South Sudan-Ethiopia Transport Corridor (LAPSSET), the Berbera-Addis Ababa Corridor, and the Kampala-Juba-Addis Ababa-Djibouti Corridor (Solomon, 2018).

Energy: Ethiopia is currently working to promote regional integration through cross-border electricity inter connections. It has concluded agreements with Somaliland, Kenya, Tanzania, and South Sudan to create electricity interconnection. Exchange of electricity between Ethiopia and

Kenya is expected to commence once the construction of East Africa's first high voltage direct current (HVDC) power line project is concluded in 2019.<sup>48</sup>

The total cost of the project is estimated to reach \$1 billion, with funding from Africa Development Bank (AfDB). Ethiopia is endowed with a huge hydro power generation potential which is estimated at approximately 45,000 MW. Ethiopia also expects to supply Kenya with 400 KW by 2016. The two countries will construct over 1,000 km of transmission lines to interconnect their power grids, with Ethiopia expected to build 443 km (400 kV AC) and Kenya expected to build 612 km (500 kV DC) of line.<sup>49</sup>

### **Prospect of the amendment of the Foreign Affairs and National Security Policy and Strategy of Ethiopia.**

Since last year Ethiopia has undertaken so many important reforms, one of the policy reforms currently under way in Ethiopia is the issue of the amendments of the Foreign Affairs and National Security Policy and Strategy (FANSPS) of the Federal Democratic Republic of Ethiopia (FDRE). According to state Minister of the Ministry of Foreign Affairs, Ambassador Marcos Tekle, the existing policy and strategy have been more than 17 years old, and the current global situation has changed, so it is necessary to improve the policy and strategy.<sup>50</sup>

In the past, our neighboring countries were assessed that they are essential only to the security benefit, the policy also did not give attention to economic, democracy and political value due to

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<sup>48</sup> Interview with Mr Kenea Kuma IGAD Affair Minister Councillor in the Ethiopian Ministry of Foreign Affairs , April 3, 2019, Addis Ababa.

<sup>49</sup> Interview with Mr Kenea Kuma IGAD Affair Minister Councillor in the Ethiopian Ministry of Foreign Affairs , April 3, 2019, Addis Ababa.

<sup>50</sup> Dr Ambassador Marcos Tekle. State Minister, of the Ministry of Foreign Affairs, interview with reporter newspaper, on April, 21, 2019, Addis Ababa.

they have little experience.<sup>51</sup> Foreign Affairs and National Security Policy and Strategy document explain the role of neighboring countries in development as follow:

*Seen from the economic development angle, our neighbours are short of capital and finance and cannot be considered sources of investment and development finance. We produce similar products and our markets are small with little impact on development. True, we have not exploited our trading possibilities fully and as the region develops, opportunities will grow. But in the present day context, the role of investment, trade and development finance originating from our region, on our development is quite limited. In general terms, it can be said that at this time, our neighbours do not have much of a positive or negative influence on our economic development. What they have of value is port service and the sole danger that would arise is if they were to collaborate to deny Ethiopia the use of their ports or if they were to reduce the efficiency of the ports.*<sup>52</sup>

But currently neighbouring countries, however, are critical to our development. Somalia is the second largest export destination for Ethiopia. And Sudan did also, currently Ethiopia expanding industrial parks and produced industrial products, So, if industrial production links to these countries it will have relative chance for Ethiopia and the region.<sup>53</sup> In sum the current reform of Foreign Affairs and National Security Policy and Strategy document review will have prospects for regional integration vision, to sustain peace and security the sub region.

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<sup>51</sup> Dr Ambassador Marcos Tekle. State Minister, of the Ministry of Foreign Affairs, interview with reporter newspaper, on April, 21, 2019, Addis Ababa.

<sup>52</sup> Foreign Affairs and National Security Policy and Strategy (FANSPS) of the Federal Democratic Republic of Ethiopia (FDRE), document, 2002, p, 56.

<sup>53</sup> Dr Ambassador Marcos Tekle. State Minister, of the Ministry of Foreign Affairs, interview with reporter newspaper, on April, 21, 2019, Addis Ababa.

## CHAPTER SIX CONCLUSION

The current political dynamics of the horn of Africa has got both theoretical and political attention. This study focused on the current internal political dynamics of Ethiopia, its economic impact on the neighboring countries and the implication to regional economic integration. As it was provided in the introductory chapter, the guiding research question was, what are the economic impacts of contemporary internal political dynamics of Ethiopia on the Horn of Africa? And what would be the implications of contemporary internal political dynamics of Ethiopia on the sub-regional Economic integration schemes of the Horn of Africa countries?

To properly examine the economic impact of Ethiopian political reform and its implication on the sub-regional Economic integration schemes of the Horn of Africa countries, this study employed a qualitative methodology. The study argues that the manner in which due to the economic interdependence between the Horn countries something happen in Ethiopia will affect directly and indirectly to others Horn countries. In order to discover the study area, The primary sources of information were collected through a series of semi-structured interviews with key informants. Apart from this, secondary sources of information were also collected from relevant literature, such as books, internet sources, journal articles, published and unpublished materials, news releases, agreements concluded and other documents was also used in the final analysis of the study. Qualitative method was used as data analysis.

The study identified factors that contributed for political reform in Ethiopia, such as the 2005 Election were a turning point, as the EPRDF was confronted for the first time with a real opposition. However, the democratic gains resulted from the elections did not last long due to credible accusations of electoral fraud, biased electoral administration and coercive measures taken by the regime on the opposition camp in the post-election period. In order to sustain their power since 2008 the EPRDF has enacted legislation—the Mass Media Law, the Charities and Societies Proclamation, and the Anti-Terrorism Law—designed to punish open dissent and discourage autonomous organization.

The other is the popular protest that shocked the country for more than three years is the main triggering point the current reform. It is triggered by a combination of factors, mainly pressures

from the popular protests and the rise of the reformist wing with in leadership of the EPRDF regime, the role of Diaspora and Activist played a vital role to bring this reform.

The study also identified the outcome of the reform, the current government undertake several reform agenda among those of the among those, made a rapprochement with Eritrea without making any demands and dismissed key officials from the old regime. At the same time, he lifted the state of emergency (SoE), promised to liberalize the economy, and release of thousands of political prisoners. Prime Minister Abiy also pledged various reforms, including amendments to restrictive legislation such as the Anti-Terrorism Proclamation, Civil Society Proclamation and Mass Media Proclamation, all this were previously considered unthinkable in Ethiopia.

There are also challenges for reform, Ethnic tensions and violence, Absence of a structured transitional roadmap, and the role of Counterrevolutionary Forces are among the challenges that face the current reform in Ethiopia.

The study identified the economic impact of the current political reform in Ethiopia to the neighbouring countries, such as; the reform brought about rapprochement between Ethiopia and Eritrea, this lead to the opening the border that helps free movement of people and encouraged cross border trade that led to decline the price of some commodity in Eritrea, lifting the sanction which helps Eritrea to apply for new sources of credit and investment, free movement, free trade and also has several economic benefits for Eritrea and prospect of Ethiopia using the port Eritrea that helps as means of income generating this event will have negative impact to Djibouti could be decline the income earned from Ethiopia import and export traffic but this can happen in long run.

The study also identified some implication to the economic integration of the region; the primer has paid maximum attention to regional cooperation and integration issues. For instance by brought peace and stability in the region, Ethiopia approved its membership to the Africa Continental Free Trade Agreement it is a part of integration dimension, and Ethiopia is about to change of the Foreign Affairs and National Security Policy and Strategy by giving more attention to the neighbouring countries. Based on the empirical discussions, the study concludes that the political reform in Ethiopia brought about positive economic impact to neighboring countries and has good implication to regional Economic integration.

Finally, Ethnic intolerance grew and gained momentum, while ethnic violence becomes a permanent fixture of Ethiopian politics. Hence the ethnic interests and ethnic politics have become the challenges to the country unity and the ongoing reform.

The lack of formalization of the ties between Ethiopia and Eritrea should be cause for some concerns, and challenge to the current relation. Hence both leaders should ensure fair trade agreement and stable long-term relations, so that previous mistakes are not repeated. Ethiopian leaders would be wise to go step by step, rather than making comprehensive and rush decisions, and they should make sure that they are transparent with the public, and no measure is taken in their name and against them for political or other purposes.

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### Appendix. 1. Summary of key Informants/Interviewees

Name	Position	Organization	Date	Remark
Ambassader Aray Desta	Permanent Eriterea Ambassador	AU,ECA	April,4,2019	
Ambassder David Dang	Deputy head of the Mission	South Sudan Embassy	April, 8,2019	
Dawit Yirga	Director General	MoFA	March, 20,2019	
Fekru Tadesse	Director General	Mo Trade and Industry	March, 15,2019	
Haile Tefera	Djbouty Affairs	MoFA	April, 2,2019	
Mrojige Osso Orcho	Eritrea Affairs	MoFA	April, 2,2019	
Dabong Ruto Gach	Kenya affairs	MoFA	April, 2,2019	
Andargu Berehe	Sudan Affairs	MoFA	April, 2,2019	
Ayalew Alemu	South Sudan Affairs	MoFA	April, 3,2019	
Kenea Kuma	IGAD Affairs	MoFA	April, 3,2019	

## **Appendix 2: Interview Questions Prepared for Key Informants**

### **To Ethiopian Ministry of Foreign Affairs**

1. How do you see the current internal political dynamics of Ethiopia?
2. Could you explain the main pillars of the current Ethiopian's Economic relation with neighboring countries?
3. What are the economic impacts of the current political transition of Ethiopia to the horn of Africa?
4. What are the implications of the current political transition Ethiopia to regional economic integration of the horn of Africa?
5. What are the efforts to modify or to change Ethiopian relation to neighboring countries?
6. What are the challenges and prospects regarding regional economic integration scheme?
7. How do you see the position of Ethiopia to the coming of foreign power to the Horn of Africa is it an opportunity or challenge to the region?

### **To South Sudanese Embassy**

1. What is your impression of the current internal political dynamics of Ethiopia ?
2. Could you explain the main pillars of the current Ethiopian's Economic relation with South Sudan?
3. What are the economic impacts of the current political transition of Ethiopia to Sudan?
4. What are the implications of the current political transition Ethiopia to regional economic integration of the horn of Africa?
5. Is there any trade and economic agreement between Ethiopia and Sudan with this transition period?

### **2.3. To Eritrea Embassy**

1. What is your impression of the current internal political dynamics of Ethiopia ?
2. How do you see the rapprochement between Ethiopia and Eritrea?
3. What are the economic impacts of the current political transition of Ethiopia Peace deal with Eritrea?
4. What are the implications of the current political transition Ethiopia to regional economic integration of the horn of Africa?





