

Bilateral and Multilateral Economic Diplomacy: A Case Study of the Republic of Benin

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ABSTRACT

This research explores an alternative understanding of Economic Diplomacy from the developing nations perspective. Economic diplomacy was originally known to be an instrument developed and used by powerful states to protect and reinforce their economic interests in international politics. But in recent years many developing countries are becoming active in international economy. They also developed economic strategies to harmonize their interests with the interests of major actors in world politics. This research aims at showing that, developing nations can also set their legal and economic policies and accommodate some exogenous policies as regards to economic diplomacy under international law and their economic realities on the ground.

To understand the key characteristics of developing nations' Economic Diplomacy, the Republic of Benin will be used as a case study as it is grouped among the developing nations and shares some similarities with its peers. The developing nations in general, especially the developing nations in Africa including our case study, are utilizing two important strategies to make their economic diplomacy very effective. These strategies are continental integration, politically, economically and culturally to form a strong economic block. And the other strategy is about finding new strategic economic partners besides the established colonial and imperial powers with whom their economic relations did not yield expected results.

Keywords: Benin, Economic Diplomacy, Development, Bretton Wood institutions.

ÖZ

Bu araştırmanın amacı, küçük ve gelişmekte olan ülkeler açısından Ekonomik Diplomasinin alternatif anlayışını araştırmaktır. Ekonomik diplomasinin başlangıçta, güçlü devletler tarafından uluslararası politikadaki çıkarlarını korumak ve güçlendirmek için kullanılan bir aracı olduğu biliniyordu. Ancak son yıllarda gelişmekte olan birçok ülkenin uluslararası alanda, özellikle ekonomik konularda aktif hale geldiğini gördük. Ayrıca ekonomik diplomasinde, gelişmekte olan ülkeler, çıkarlarını dünya siyasetindeki ana aktörlerin çıkarlarıyla uyumlu hale getirmek için bağımsız stratejiler geliştirdiler. Amacımız, Gelişmekte olan ülkeler, bağımsız olarak ekonomik politikalarını, uluslararası Hukuk'a uygun olacak şekilde ve kendi ekonomik gerçeklere göre ekonomik diplomasilerini tasarlayabileceklerini göstermektir.

Gelişmekte olan ülkelerin Ekonomik Diplomasininin temel özelliklerini anlamak için Benin Cumhuriyeti, gelişmekte olan ülkeler arasında gruplandığı ve akranlarıyla bazı benzerlikler paylaştığı için bir vaka çalışması olarak kullanılacaktır. Genel olarak gelişmekte olan ülkeler, özellikle de vaka çalışmamız (Benin cumhuriyeti) dahil olmak üzere Afrika'daki gelişmekte olan ülkeler, ekonomik diplomasilerini çok etkili kılmak için iki önemli strateji kullanıyorlar. Bu stratejiler, güçlü bir ekonomik blok oluşturmak için politik, ekonomik ve kültürel olarak kıta entegrasyonudur. Diğer strateji ise yerleşik sömürge ve emperyal güçlerin tarafından ekonomik ilişkileri beklenen sonuçları vermediğinden dolayı yeni stratejik ekonomik ortaklar aranmaktadır.

Anahtar Kelimeler: Benin, Ekonomik Diplomasi, Kalkınma, Bretton Wood kurumları.

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LIST OF ABBREVIATIONS

AU	African Union
APC	The African, Caribbean and Pacific Group of States
BRICS	Brazil, Russia, India, China, South Africa
EU	European Union
ECOWAS	Economic Community Of West African States
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
I.O	International Organizations
OECD	Organization for Economic Co-operation and Development
UN	United Nations
WTO	World Trade Organization
WAEMU	West African Economic and Monetary Union

Chapter 1

INTRODUCTION

Economic diplomacy, as well as trade and commercial policy, are legal and political tools used by governments to organize and conduct their international economic activities, either bilaterally (through bilateral economic agreements with states or non-states actors) or multilaterally (through membership to economic forums or international economic organizations). After the Bretton Woods institutions were established in July 1944 and international trade was liberalized, economic diplomacy became one of the foreign policy priorities of governments around the world.

In fact, when we look at the essence of diplomacy in general, it is to develop cordial and peaceful relationship with other states around the world to facilitate the exchange of goods, services, and know-how. Economic ties generally are meant to minimize the risk of conflict through common economic interest and create prosperity for all participants, and the sole objective of economic diplomacy is to reinforce this original aim of diplomacy.

Economic diplomacy is traditionally known to be dominated and guided by the most powerful and influential governments in the world. But developing nations also have started to efficiently use Economic Diplomacy to their advantage. They developed creative mechanisms and tools to complement the already existing tools on Economic Diplomacy (Dafir,2012 p.73-83). In the 21st century developing nations are very

concerned about economic development, and economic diplomacy is one of the tools they are using to leverage their economic development.

To understand the key characteristics of developing nations' economic diplomacy, the Republic of Benin will be used as a case study, as it is grouped among the developing nations. Even though the legal and political rules regarding economic diplomacy are set by the most powerful states in the international economic activities, small developing states such as Benin also have their particularity in how they interact with dominant actors in international relations to achieve their economic goals (Présidence de la république, 2017).

1.1 Theoretical Framework

The theoretical foundation on which this research will be based is the theory of Economic Diplomacy. The theories of economic bilateralism and multilateralism will be used to supplement our main theory (Economic Diplomacy). The same theory of multilateralism created most of today's international economic institutions such as the International Monetary Fund (IMF), the World Trade Organization (WTO), and the World Bank and many regional economic organizations and also laid out rules on how bilateral and multilateral economic diplomacy should be carried out for mutual benefit of the participating parties.

1.2 Research Questions

The thesis explores the concept of economic diplomacy. Its primary aim is to address the question of the specificity of economic diplomacy. In particular, how does it change the traditional understanding of diplomacy? What tools does it add and what new actors does it make important? What contribution does the group of developing nations' economic diplomacy brought to the conventional or traditional diplomacy and

the economic diplomacy of Benin as a developing state? The case study focuses on the way economic diplomacy of the Republic of Benin is carried out and by what means. It is meant to determine what factors, actors and *fora* are important points of reference for the formulation of Benin's foreign economic policy as well as the use of economic diplomacy – bilateral and multilateral.

Additionally, the thesis is concerned with the influence of international organizations such as the World Bank, the International Monetary Fund, the World Trade Organization and some other regional, African economic organizations on Benin's economic diplomacy.

1.3 Purpose of This Research

The purpose of this research is to explore an alternative understanding of economic diplomacy as originally it was only the affair of developed and most powerful states in the world. My intention in this research is to show that, economic diplomacy is not only the affair of dominant actors in world politics. Developing nations can also set their legal and economic policies at the same time accommodate some exogenous policies as regards to economic diplomacy under international law and the reality on the ground.

1.4 Thesis Structure

The structure of the thesis will be as follows. It will start with the literature in diplomacy in general and the economic diplomacy of developing nations in particular and what extra contribution can this research add up to the already existing literature on economic diplomacy. Then will come the theoretical framework on economic diplomacy with neoliberalism at its center. After that we will look at the institutional organization of Benin foreign policy (our case study) since independence up to today and

the importance it gives to economic diplomacy in years 2016-2019. Before looking at the factors that determine Benin's economic diplomacy such as its membership to sub-regional, regional, continental and global international economic organizations. After the evaluation of the factors that determine Benin foreign policy, therefore, its economic diplomacy, we will conclude.

Chapter 2

LITERATURE REVIEW ON DIPLOMACY

2.1 Literature Review

Diplomacy and international law are two things of the same nature. The history of diplomacy is not so different from international law history. International Law laid out the foundation on how diplomatic relations (states relations) should be carried out. One of the pioneers of international law that gave existence to diplomacy is Hugo Grotius when his book “the right of war and peace (1625)” was published, he tried to bring solutions to the ongoing wars and conflicts among empires in Europe through certain norms and natural laws that should guide empires’ behaviors when engaging with other empires at the international level. In the book, he described how mutual respects of some laws “natural law” could bring peace or create conflicts among nations and diplomacy is the channel through which nations can engage with each other with respect to some principles set out by “International Law”. Some of these principles or rights he mentioned are the right to self-determination codified in the present UN charter, war crime, crime of aggression, etc. These principles were refined, new laws and amendments were introduced to cover areas in international economic relations notably on international financial regulation. Roberts and Satow (2018) think that the history of diplomacy originating from international law began when Hugo Grotius introduced the concept of natural law, after the treaty of Westphalia was signed in 1648. It ended the thirty years war against the monarchs in Europe and the concept of "sovereignty" emerged and gave full power to new territories to independently enter

into relations with other independent states or territories, from that period diplomatic practices began to develop formally (Gross, 1948) and the notions of “states” and “sovereignty” were born. They were the foundation of diplomatic relations because only sovereign states can engage in diplomacy in principle. Henry Kissinger in his book “Diplomacy (1994)” gave a synthetic and chronological evolution of diplomacy over centuries. According to him, in the seventeenth century, France dominated international politics thus diplomacy, nation-states and national interest were the main concepts that dominated diplomatic relations. It could be the reason why French is considered as the language of diplomacy. In the eighteenth century, Great Britain with concepts like the balance of power dominated European diplomacy for over 200 years. Nineteenth-century marked a fundamental shift in the history of diplomacy in general and Europe in particular with the rise of the Austrian empire and the creation of the concert of Europe to efficiently deal with the bloody conflict that torn Europe apart during the 1900s. Many diplomatic methods and strategies were introduced and developed to deal with conflict of interest in world politics. Mediation, Adjudication, conciliation, dispute resolution are some of those methods and strategies developed in the 19th century to deal with conflicts in Europe primarily, and all around the world in general. Another phase in the development of diplomacy according to Kissinger is the rise of the USA in the twentieth century which was a natural process because, during the war that destroyed and weakened Europe, Americans were not involved nor had any cost attached to the war in Europe, and the USA remained strong both militarily and economically, American soft power also was able to usher diplomatic practices, universal rights, democracy, global order among others are considered as universal values and defended by the USA and its allies. American presence was felt all around

the world through their diplomatic representation, still today the USA has the largest diplomatic network in the world according to the Lowy Institute.

Diplomacy originally is known to be state business, but the creation of the United Nations in 1944 brought substantial transformations that shifted diplomacy from being only states business to also becoming an instrument used by international organizations (both governmental and non-governmental) (Barstson, 2019). The United Nations became the epicenter of multilateral diplomacy through its specialized institutions and agencies dealing with different areas of multilateral cooperation. Barston's description of modern diplomacy is more of international organizations-centered diplomacy than states-centered diplomacy as it used to be. International Organizations after the creation of the United Nations started to be very influential in diplomacy in general. Diplomatic methods and practices, negotiation practices in the past were all state to state practices but today these practices have been transferred to international organizations where they have been reorganized and codified in form of conventions, treaties, and international legal tools. Modern Diplomacy can be considered as a formal transition from state to state diplomacy to international organizations and states diplomacy or vis versa by also holding some forms of state to states diplomacy with minimal effects in comparison to the classical diplomacy. States are still sovereign and they can take unilateral decisions to enforce and protect their interests. However, nation-states' capacity to make independent decisions at the international level has significantly diminished compared to the period before 1945. The increasing interconnectedness of people, culturally, economically and politically gave room to multilateral diplomacy to flourish more than bilateral diplomacy. We cannot talk about modern diplomacy by excluding the United Nations' role. David Hanny in his book "New World Disorder the UN after the Cold War: An Insider's

view (2008)" gave us an inside about the UN controversial role in multilateral diplomacy from the 1948 Arab-Israeli war to its intervention in Somalia, Libya, Iraq, etc. From his analysis, we can see a shifting dynamic in the role of the state as being the original owner of diplomacy to becoming international organizations' diplomacy mainly the United Nations. In other word, modern diplomacy does not give states as much power as they used to have in traditional diplomatic practices. And it is due to global politics that gives a handful of power in decision-making regarding global issues that come as a consequence of globalization. When we talk about global issues is it very important to look at how diplomacy also reacted to it, and how it adapted its practices to these rapid global changes that are occurring in the world. It led to the fragmentation of diplomacy into different types of diplomacies according to the pressing issues in the world and their impacts.

To understand the very essence of how diplomacy was fragmented into different "sub-diplomacy" Barston's book on "modern diplomacy" could be an exhaustive guideline to illustrates this fragmentation. Was it necessary? we will assess that in our later analysis. Barston identified at least six types of diplomacy to demonstrate the fragmented nature of modern diplomacy. Not to be confused with diplomatic methods which are processes used in diplomacy for conflict resolution. Our first type of diplomacy is Cyber diplomacy also called "digital diplomacy" aiming at regulating cyber-attacks among states in this new digitalized world, the recent China cyber-attack on the USA sensitive and classified information is an illustration. Trade and commercial diplomacy is sometimes known as economic diplomacy deals with economic and trade agreements, environmental diplomacy deals with environmental issues at the global level. Global warming or climate is a visible example of environmental diplomacy where states coordinate their effort to fight climate change

with its devastating consequences such as natural disasters, droughts, flooding, global warming, etc. Disaster and emergency diplomacy, not very much different from environmental diplomacy but disaster and emergency diplomacy is needed after a natural disaster. It could be a tsunami, an earthquake, a cyclone, an endemic disease, in such situation states coordinate their relief efforts to deal with the problem, most of the time through humanity interventions under the auspices of either the UN or independent humanitarian organizations. Security diplomacy, as the name might indicate, deals with security issues both military and human security issues. There is a clear distinction between the security with military dimension and the security with human dimension. The former looks at states capacity in dealing with armed conflicts involving direct or indirect confrontation and their military arsenal relative to other states and the later looks at what is necessary for human beings to live, their basic needs and the possible barriers or threats to human beings' happiness and to some extent their existence. Then comes finally the diplomacy of normalization, it is a sort curative strategy used by governments and sometimes international organizations to reestablish or in the diplomacy's jargon to "normalize" a deteriorated relation between two nation-states. This type of diplomacy is commonly practiced by governments in times of inter-states conflicts to deescalate tensions. Cultural diplomacy is also among the rapidly growing diplomacy that Barston did not discuss in his classification. Cultural diplomacy is one of the most important "soft-power" used by nation-states to increase their sphere of influence, it consists of exchange of ideas, language, arts, etc.... to bring nation-state to cooperate and foster mutual understandings. Cultural centers of countries like the United Kingdom, France, Russia, China, the United States of America, Turkey etc. abroad can be a visible example of how cultural diplomacy actually operates and its main components. Diplomacy has been fragmented or

compartmentalized into different areas of expertise to efficiently encourage global coordination by having a central focus on a specific area of expertise to fight global problems such as climate change, terrorism, global inequality, etc. Modern diplomacy being compartmentalized into different areas of expertise promotes efficiency in dealing with global issues. In any undertaking, the division of labor is essential especially for governments undertakings to efficiently allocate resources and policies where they are needed.

But there is something that both the classical and the modern diplomacy seem to consider as one of the minor subdivisions of diplomacy. It is "economic diplomacy". The literature on diplomacy from classical to modern is more concerned with security and political issues than economic issues. For many authors, economic issues are scientific and empirical than social or normative. This separation is even more visible in the British and American traditions on the International Political Economy (Cohen 2007). This traditional understanding of diplomacy seems to be obsolete when we look at how economics started to be both the affairs of professional economics and political leaders. The integration of national economies into the global economic system requires an understanding of both economic and political issues and how they interact with each other with their social dimensions at the international level.

Economic diplomacy is one of the tools that can help diplomats to have this understanding. I consider economic diplomacy to be even more important if not the most important part of diplomacy. Today, trade and economic integration are the most important topics in world politics. Major problems the world is facing rooted in inequalities, poverty, armed conflicts to gain access to natural resources, trade wars, discriminations, they are all economics especially for the small growing economies

where sporadic instabilities are recurrent. For diplomacy to understand the political, military and social causes of international problems, it must try to look at the economic implications of these problems. The EU today can be an exhaustive or comprehensive example of how trade and economic integration can actually solve certain economic-related issues and enforce peace.

Neglecting the economic side of diplomacy for security and political-related issues is opened for discussions. Especially for small developing countries where economic integration and trade started to develop rapidly and are needed more. The creation of G5 then G20 and then OECD (Organization for Economic Cooperation and Development) are palpable examples of how slowly but surely economic diplomacy is ushering into diplomatic practices and might overtake other areas of diplomatic cooperation such as security and politics that dominated diplomatic practices throughout the 17th, 18th, 19th and 20th centuries. Nicholas Bayne and Stephen Woolcock understood that and wrote a comprehensive book on the topic “The new economic diplomacy (2017)”. In the book, they discussed and analyzed many issues related to trade and economic integration which are the central focus of economic diplomacy. They identified factors that can actually determine the economic diplomacy of any given country in detail. There is a relative link between domestic and international economies regarding how decision-making mechanism works in economic diplomacy, relative economic power, international institutions very crucial for the success of multilateral economic diplomacy, markets, interests, phases of negotiations all play important roles in economic diplomacy analysis.

(Nicholas,2017) was very pessimistic about the real impact of small developing countries’ economic diplomacy compare to the big player such as the USA, UK or

France. But because of the growing complexity of economic diplomacy, ignoring the way they affect decision-making would be inaccurate. He said “I shall endeavor to give an insight into the economic diplomacy of small and low-income countries. Most of these countries belong to the African, Caribbean, and Pacific (ACP) Group of states associated with the European Union (EU). International trade has come to dominate the economic agenda for these countries over the past two decades, in part due to the ongoing WTO negotiations and the active involvement of countries in regional trade initiatives.” The creation of international economic and financial institutions is considered to be as a milestone for the developing small developing nations mostly concentrated in Africa to have a voice in decision-making regarding the world economy. Small developing nations have been champion in addressing some issues regarding agriculture and regional trade for example. But some of them don’t even have permanent diplomatic representations or missions in economic forums or in places such as Geneva, where important decisions are taking regarding economic diplomacy. Grouping like APC (African Caribbean and pacific group of states) is helping small developing nations mostly concentrated in Africa to have coordinated actions when dealing with common economic issues at the international level. Grouping like that has been able to reinforce small developing states' economic diplomacy and made is more effective and visible. In Mudidas’ article “Emerging trends and concerns in the economic diplomacy of African states, 2012” he sees in the economic diplomacy of small and developing nations in Africa two important elements that are, wide economic integration at the regional and continental levels and new economic and strategic partnerships with non-traditional actors (traditional actors are former colonial masters and the likes) such as China, Brazil, Turkey etc. through bilateral and multilateral economic agreements.

The new economic diplomacy of small and developing nations in Africa is changing the nature of traditional diplomatic practices in the world. African nations are more concerned with economic development and want to use economic diplomacy as one of the driven forces to boost economic development. In this big and complex picture about the literature on diplomacy in general and economic diplomacy in particular two important factors characterize the economic diplomacy of African nations. They are, a wider regional and continental economic integration through bilateral and multilateral economic agreements and the engagement of African states with new strategic economic partners which are considered to be rising power they are mainly the member states of BRICS (Brazil, Russia, India, Turkey, China, and South Africa) as opposed to the traditional partners or colonial master such as France, UK, Belgium, etc.

Chapter 3

THEORETICAL FRAMEWORK

The purpose of this chapter is to elaborate on the conceptual framework that will help us to determine the position of economic diplomacy in Benin's foreign policy. Economic diplomacy as a theory was developed after the establishment of the Bretton Wood institutions (Zirovcic,2016) it represents a combination of many neoliberal economic theories or approaches (economy) on one hand, and international negotiations and communications (diplomacy) on another hand. Making economic diplomacy a complex concept because it mixes up economy and politics at the same time. To better understand the concept of economic diplomacy, one must refer to neoliberal economic theory that led out the foundation on which economic diplomacy is based. To do that, we will look at 5 different neoliberal economic theories used in economic diplomacy to explain its legacy in international economic cooperation. Free-trade, economic interdependence, international trade, economic bilateralism, and multilateralism are the five different neoliberal economic approaches under which economic diplomacy draws its legacy as a concept. They are equally important to Benin's economic diplomacy.

3.1 Neoliberalism

Neoliberalism as the theoretical foundation from which other theories used in economic diplomacy emerged, must not be confused with the classical liberal economic model. In the liberal classical economic model, there is a clear distinction between economy and politics (Helleiner, 2002). According to the classical economic

theory or philosophy, economics is a self-regulation phenomenon and any state intervention is restricted if not limited because any state intervention would likely hinder its natural flow. However, in the neoliberal economic model our central focus point, states have rooms for maneuver to influence how national economy intercourses with other economies in the World at regional and global levels and economic diplomacy in one of the foreign policy instruments used to concretize this idea of state intervention in the economy to protect its economic interest at the international level. Free-trade agreement the first among the five approaches on our list is, for example, is one of the economic diplomacy tools used by states to enforce and protect their economic interest when engaging with other actors at the international level.

3.1.1 Free-Trade Theory

Free trade theory is very important to Benin's economic diplomacy because it is the channel through which free trade agreements are carried out and implemented. Especially for developing countries where result-oriented economic diplomacy is needed. The Free trade approach is an approach developed in the 17th century by classical economists such as Adam Smith and David Ricardo. The Free trade theory or approach simply advocates more economic openness among countries, trade barriers such as quotas, tariffs, preferential trade policy and the likes should be lifted or reduced to promote more economic integration among nations. The creation of the World Trade Organization (WTO) came to reinforce free trade as a foundation on which international trade should be based. The idea behind free trade theory is the comparative advantage theory in international trade. It was developed by the British political economist David Ricardo. The idea holds that countries should produce what they are efficient at producing, export it and import things that they are not good at producing. Free Trade theory holds an important place in economic diplomacy in the

sense that to be able to trade with any given country in the world there must be trade agreements, and economic diplomacy is the channel or the media through which countries or governments sign bilateral or multilateral trade agreements to establish trade relations.

Free trade as one of the neoliberal economic liberalization theory, emphasizes on the benefit of specialization. Countries trade because they need things they don't possess or have limited access to. According to the proponents of free trade theory, economic growth is possible only if there is a smooth flow of goods and services across borders. Countries should specialize in what they are much efficient at producing then trade it with what they don't produce, only by doing so, they will be able to achieve sustainable economic growth. Free trade theory seems to gain more credits in the 21st century in the economic relations of states. The world Trade Organization constitutes of almost all the countries in the World. One of the main reasons behind the 1990s-unprecedented world economic growth is free trade or sometimes called "trade liberalization" (Helleiner, 2002), protectionist trade policies were relaxed, goods and services could flow from and into countries with very limited trade barriers. As a result, production increased which in turn increased the world overall GDP. As states started to trade with each other daily they became economically interdependent. Come then the need to study our second theory "Economic interdependence" which is from economic liberalism. Economic diplomacy as a way of dealing with economic issues at the inter-states level and sometimes with non-states actors as well uses economic interdependence theory as one of its pillars to continue to thrive. Economic interdependence is possible only if economic diplomacy is efficiently implemented and carried out. Let's analyze how economic diplomacy sees the theory of economic interdependence.

3.1.2 Theory Of Economic Interdependence

The theory of economic interdependence draws its essence from the idea that when countries' economic interests are tied to each other they would likely be discouraged to go to war. And the most important reason why Benin's economic diplomacy is very interested in economic interdependence is that, it is the better way to prevent wars and the very first original role of classical diplomacy is to make peace and prevent war. So, if we can prevent war through economic cooperation, economic diplomacy would be very glad to serve as a channel through which a lasting peace is found and reinforced.

The theory of economic interdependence as a way of preventing wars and making peace was developed by many economists among them is Richard Cooper in 1972. He developed many strategies under which economic interdependence could thrive. The theory of economic interdependence according to Cooper (1972) works if only the participating nations have a greater sensitivity to economic development such as taxation, inflation rate, interest rates, and mutual investments both real and financial even if their trade volume is low. It is what Tanous (2019) called "sensitivity interdependence". This argument refutes any claim which sees a direct correlation or contingency between trade volume and economic interdependence. The institutional framework within which economic interdependence exists also matters a lot. Institutions dealing with economic matters should be structured and organized in a way that joint decisions are taken on economic policies. Another indicator of economic interdependence according to Tanous (2019) is "vulnerability interdependence" in this type of interdependence one party may experience serious damage if the relationship is terminated reason being they would rather continue to make it work because of fear that it might damage their economy. This assumption

actually explains why countries with small scale economies are sometimes forced to cooperate with big and powerful economies even though the cooperation might not best fit their economic interest fearing the devastating effects any defection would have in their small economies compared to the big and powerful ones. Three forms of economic interdependence exist (Tanous, 2019). Trade interdependence as Cooper (1972) pointed out, it does not necessarily rely on trade volume but rather looks at economic sensitivity. Then monetary interdependence, this type of interdependence is in two ways, states can decide to join a monetary union by delegating one its sovereign rights (the right to print and control legal tender, or currency to a supranational institution to decide on its monetary policy). The republic of Benin is part of a monetary union of 15 countries in the region. It called the West African Economic and Monetary Union (WAEMU). This type of economic interdependence binds all participants to have a collective monetary policy regardless of whether it serves their best interest or not. The second way by which monetary interdependence could exist is through maintaining a fix exchange rate system whereby one currency is begged to another one to facilitate the exchange of goods and services without any exchange rate risks and to also maintain price stability. Benin is also part of this of interdependence because its currency (the West African CFA franc) is begged to Euro meaning there exists a fix exchange rate between CFA franc and Euro. And the final one is capital interdependence, capital easily flows in and out of any cooperating countries. It integrates their economies lowering any possible risk of defection. How all of these forms of economic interdependence are related to international conflict, as a reminder we are interested in how economic diplomacy as a theory could possibly participate in peacemaking in the World. Realists' approach regarding economic interdependence and international conflict is straight-forward, negative and pessimistic. For them, in an

anarchical world politics increased economic interdependence will increase international conflict simply because as economic interdependence increases, powerful states grow more powerful economically as well, putting small and less powerful states in a vulnerable situation. When powerful states' economic interests are at risk they may resort to force against weaker states to have access to their strategic resources hence increase conflict in the world. They used the history of colonialism and imperialism to illustrate the assumption. But Liberals see a positive correlation between economic interdependence and international conflict. Increased interdependence is likely to lower the risk of conflict because states would rather cooperate than fight when common economic interests are at stake. Increased communication among states would reduce misunderstandings that sometimes lead to conflicts. Liberals see trade as one the most important source that creates and maintains international peace and security because trade provides valuable benefits to all participants. Taking into account this vital role that trade plays in international peace reinforcement it makes total sense when economic diplomacy considers the theory of international trade (our third theory of the list) as one of the neoliberal economic theories fundamental to economic diplomacy legacy in international economic cooperation and the maintenance of peace.

3.1.3 Theories Of International Trade

International trade in its simplest formula means the exchange of goods and services among countries. Under international trade theory which economic diplomacy relies on heavily, many assumptions were given to explain how it can reinforce international cooperation. To keep the analysis short and consistent, three of these sub-theories (if they could be labeled as such because they fall under the big picture of international trade theory) will be used to test how useful they can be to economic diplomacy. Trade

policy and economic diplomacy will be used interchangeably in this section to further shed light on how sometimes economic diplomacy and international trade policy could mingle to form a single unit of foreign policy strategies in the economy at the international level. The first one is the comparative and absolute advantage model, the second one is mercantilism and nationalism, the third one is the protectionist model. They are all trade policy models, and they are not so much different from economic diplomacy where they derived from.

3.1.3.1 Absolute And Comparative Advantage Theories

Comparative and absolute advantage models are very important in formulating and deciding on trade policy. Without going deep into a scientific analysis of these models, let's look at their normative explanations. To start with comparative advantage, as we have previously mentioned, it is a trade policy model introduced by the British political economist David Ricardo in the 18th century which preconizes that economic growth is possible if only countries specialize in the production of certain goods they are efficient at producing and trade them with goods they not efficient at producing "opportunities cost" matters a lot in his model. So, the main idea here is that instead of trying to produce everything yourself, produce what you are good at producing (high opportunity cost) and trade it with what you are not very efficient (low opportunity cost) at producing. The absolute advantage model shares a similar view, however, in the absolute advantage model, a country can have an advantageous "opportunity cost" at producing many goods relative to another country. In trade policy, the absolute advantage model tells us that a country can in fact efficiently use its time and available resources to become very efficient at producing many goods at the same time, trade them and have a positive trade balance against any given trading partner. The comparative and absolute advantage models tell us that in order for your economy to

have an advantageous position against other trading partners, it is important to identify some sectors of production where the economy is very efficient in production then reconcentrate energy, forces, and resources to those sectors to make them even more efficient for a durable economic growth. Many scholars criticized these models because they believe that it increases country vulnerability to the identified sectors and any sporadic price fluctuations in the international market would negatively affect the economy, but it is another debate.

The second sub theory or model under international trade is “mercantilism” and “economic nationalism” they go hand in hand. Mercantilism is the older term used 15th to 18th centuries to explain certain nations' international trade policy behavior (Coleman, 1980). Then later on rebranded as “economic nationalism” to be precise in the 1990s (Pryke, 2012). Both mercantilism and economic nationalism or protectionism serve one purpose which is how economic power maximization could be achieved through economic diplomacy since it represents the national economic interest of any given country. Economic nationalism or mercantilism is achieved through a spectrum of many economic policy models. It is wise to leave the technical aspect of this matter to professional economists. As far as the normative explanation is concerned, in order for economic nationalism or mercantilism to be operational mechanism like quotas on imports, the diminishing of import and the increasing of export to have a favorable balance of trade, high tariffs, restrictions on capital movement are all used to protect national economy against outside competition until the economy is strong enough to face outside competition. The preferential trading area is an extra international trade policy that was not mentioned in the list of our sub-theories. However, it is also important to economic diplomacy since it's where

sometimes bilateral and multilateral trade agreements are signed to give the signatories certain trade benefits regarding tariffs on imports and quotas.

Bilateralism and multilateralism are also very important components of the concept of economic diplomacy. It will make more sense if bilateralism is separated from multilateralism since they operate in different manners.

3.1.4 Theories of Bilateralism And Multilateralism

Bilateral economic relations at the state level is usually carried out by economic diplomats. It must be between two states. For Bilateral economic relations to be effective there must be common or tied economic interests felt by both parties, it also shows how interconnected both economies are to each other. Bilateral economic relations are meant to increase trade volume between the participating countries for mutual economic growth (Maluck, Glanemann, & Donner 2018). Bilateralism as a theory to illustrate trade policy is fading slowly as the World economy is going global and this global interconnectedness is increasing day by day. Nevertheless, as the world economy goes global there are many challenges attached to it that sometimes force states to prioritize bilateralism over multilateralism. Bilateralism as theory did not get many credits from scholars as well as policy-makers, for that reason limited resources were made available to assess its importance to economic diplomacy. A good portion of our analysis will mostly focus on multilateralism. Beeson (1997) argued that “At the very least, an examination of specific bilateral relations allows more detailed consideration to be given to the interaction between distinctive national economic patterns of organization, and the sorts of policies that are designed to enhance or accommodate such variations.” He pointed out the minimal advantage bilateralism could have at some point it allows access to detailed information about the economy of both states which is hard to realize in economic multilateralism. But the over whole

remark is that an important role is given to multilateralism as a theory of economic diplomacy to explain how coordinated actions involving more than two actors is very effective compared to bilateralism involving only two actors.

The last but not least theory of neoliberalism on our list used in economic diplomacy to explain its legacy in the international economic cooperation is multilateralism. To elaborate more on “multilateralism” as a theory used in economic diplomacy to explain certain behavior of states in international relations, as the name may indicate “multi” derived from “multiple” so in multilateralism you have multiple actors involved (at least three). Economic multilateralism which is our point of focus is a kind of economic activity that involves many actors coming together to achieve common economic interests such as global prosperity and peace. It is carried out sometimes by economic diplomats. The World Trade Organization (WTO) and the international monetary fund (IMF) epitomize economic multilateralism in all its forms, to some extent the World Bank as well. The theory of economic multilateralism aims at achieving four important objectives 1- set institutions to allow participating actors to discuss issues emanating from common economic interest 2- when institutions are set up rules and norms are created to guide and discipline the participating actors’ behavior 3- the convergence of actors expectation toward a common goal is also very important 4- and finally, the utmost objective of economic multilateralism is the stabilization of the international economic order (Ruggie, 1993). The theory of economic multilateralism seems to be very successful compared to its counterpart (bilateral economic cooperation or economic bilateralism). And this is visible through many trading blocs such as G20, the Organization for Economic Cooperation and Development (OECD), the European Union (EU), the African Free Trade Zone, etc.

Throughout our analysis, we came to realize that the concept of economic diplomacy belongs to a larger picture of the neoliberal economic theory under which many economic models exist that are used by different countries in their economic diplomacy.

Chapter 4

INSTITUTIONAL ORGANIZATION OF BENIN'S FOREIGN POLICY

This chapter will be about the institutional organization of Benin's foreign policy. To do that, it is important that we first look at, the four most important events that shaped Benin's political history and their importance to its foreign policy, before given a comprehensive explanation about the technical and political organization of its ministry of foreign affairs and international cooperation which is the media through which foreign policy is carried out. The understanding of the institutional organization of the ministry of foreign affairs will help us to have a concise analysis of its foreign policy priority in the last part of this chapter.

4.1 Four Important Events That Shaped Benin's Political History

The pre-colonial period of the Republic of Benin is with no importance to this dissertation because we look at the republic of Benin as a fully sovereign state on its full right, not as a territory under colonial domination that characterized the period before independence. The country became internationally recognized as a sovereign state after 1st August 1960 (the year of the declaration of independence). From 1st august 1960 onward the country started to exist as a sovereign state with full capacity to enter into relations with other sovereign states across the globe. So, to this dissertation, history started after the 1st of August 1960. Our first most important event in Benin history is the 1st of August 1960 the date of its accession to (*la souvereneté internationale*) "international sovereignty" or the date it declared its independence and

autonomy. After independence, the second important event that followed was the adoption of communism as a political ideology. Then in the 1990s, a national conference was held to abandon communism and to officially adopt liberal democracy as the sole political system that must prevail. The year 1990 marked the beginning of democracy as a political system in the country with a lot of arsenal of rights and obligations that came with it (the third event) and then lastly the adoption of the International Monetary Fund (IMF) and the World Bank's structural adjustment program that marked the starting point of capitalism and the acceptance of the neoliberal economic policies as an economic model to boost economic development because of many economic hardships the country went through before the structural adjustment programs were adopted and implemented.

The first period between the 1960s to early 1990s could be called the most unstable and turbulent period in the history of the country. It was dominated by cyclical "military coups". The young nation and its new leaders (most of them military Generals) did not have the necessary political and economic know-how in statesmanship and leadership to govern the country.

The father of independence (*"Le père de l'indépendance"* in French) Hubert MAGA became the first president of the young republic. The important figure that is known to all citizens of Benin and internationally is General Mathieu Kerekou (Gray & Mcpherson, 2001) when in 1972 a military junta headed by him took over power and led the country several years. Then came the second phase or event in the history of Benin republic. The rise of General Mathieu Kerekou to power marked an important turning point in the history of the young nation. Marxist-Leninism political ideology was adopted which is a derivative of communism. It deepened the economic

uncertainty in the country due to mismanagement issues. Political freedoms and the rights of the opposition were undermined. Generalized protests and manifestations spread all over the country. The situation became very difficult to calm, 1972-1979 was a period of political chaos in the country. A solution ought to be found. As the situation became uncontrolled, two important decisions were taken. First, abandonment communism and opting for liberal democracy with many freedoms and liberal economic model which led to the third phase or event. To be able to implement liberal democracy as a sole political system in the country in February 1990 a national conference that included all different political groups was held and a new constitution that epitomizes liberal ideas was drafted, from that time onward regular, transparent and peaceful elections were held up until now. The 1990s structural adjustment programs played an important role in the country's path toward full economic liberalization. To make a quick reminder, the structural adjustment program was a package of economic, political and social reforms suggested by the International Monetary Fund (IMF) and the World Bank during the economic crisis of 1980s that affected most of developing countries in Asia, Africa, and Latin America to liberalize their economies and make some social and economic reforms before they could get any financial support from those institutions to deal with the crisis. In turn, if effectively implemented those countries including the republic of Benin would benefit from the IMF and the World Bank technical and financial supports for their economic recovery. The economic diplomacy of developing countries is mainly interested in economic development issues as we previously mentioned in the introduction. So, understanding the impact of the structural adjustment programs in the republic of Benin economic policy becomes crucial and will help us make a connection in later analysis on the role its foreign policy in the constitution, the organization of its

ministry of foreign affairs and international cooperation before having a clear picture on its foreign policy priorities. The development strategy of the IMF and the World Bank for the country was directed into three main axes (World Bank, 2010). The GDP (Gross Domestic Product) growth, the reduction of the public sector's role in the economy and lastly the promotion of a positive balance of payment. Without being too technical, the GDP can grow only through investment and production. The IMF suggested that restrictions imposed on the financial sector during the communist period should be lifted to attract foreign direct investment (FDI). The second development strategy was about a public-sector role in the economy. They suggested that it should be reduced to minimal to allow privatization to take place for efficient and sustainable economic growth and the last one was about the country's balance of payment which is an important element for macroeconomic stability. A negative balance of payment usually leads to sporadic economic instability. To shift the negative balance of payment to positive one the IMF suggested that trade liberalization is necessary, trade barriers imposed by the communist government of General Mathieu Kerekou ought to be lifted to promote an inclusive economic integration with other international economic actors. International financial institutions such as the IMF and the World Bank suggested that the only durable pathway for economic development is through the liberal economic model. This principle is officially adopted in the 1990s-national conference. Benin Foreign policy strategy on the economy is the channel through which these liberal economic policies are implemented and monitored. So, what is the role of Benin's foreign policy in the constitution since there will be no foreign policy neither liberal economic policy without a fundamental law “the constitution” that guarantees its legal existence.

The role played by foreign policy in the country legal system is explicitly stated in the article 48 of the constitution, as it is followed *'La République du Bénin peut conclure avec d'autres États des accords de coopération ou d'association sur la base des principes d'égalité, de respect mutuel de la souveraineté, des avantages réciproques et de la dignité nationale.'* This translates into English like this 'The republic of Benin can sign international agreements with other states or organizations based on equality, mutual respect of sovereignty, reciprocal benefits and national dignity'. Another article in the constitution on foreign policy is the article 144 it stipulates that *"Le président de la République négocie et ratifie les traités et accords internationaux."* Its English equivalent is "The president negotiates and ratifies international treaties and agreements". The constitution of the republic of Benin already led out the foundation on which international cooperation should be conducted thus its foreign policy. It operates under the leadership of the president who incarnates the country's foreign policy strategy. The constitution of the republic of Benin set out directives regarding foreign policy. These directives turn around peace, the status of international organizations (international agreements and treaties), state finance, internal laws and territorial integrity. According to the constitution of the republic of Benin peace is fundamental and should be the pillar under which foreign policy is formulated. And all agreements and laws should be guided by this principle. This view goes directly in line with the United Nations' (UN) core principles and purposes stated in Article 1 which says "To maintain international peace and security, and to that end: to take effective collective measures for the prevention and removal of threats to the peace, and for the suppression of acts of aggression or other breaches of the peace, and to bring about by peaceful means, and in conformity with the principles of justice and international law, adjustment or settlement of international disputes or situations which

might lead to a breach of the peace;”. So, one of the core objectives of the republic of Benin's foreign policy is peace preservation, a very important component of economic diplomacy. Another directive is about international organizations from which treaties and international agreements originate. The constitution advocates for an equal and mutual respect of sovereignty when engaging with international legal personalities or states. International organizations in their entirety whether governmental or non-government have and play important roles in the republic of Benin’s constitution and its foreign policy. The constitution pays special attention to issues regarding sub-regional, regional, continental and global integration. The directive on how to use public finance and state spending to carry out foreign policy is not very specific but finance law complements the constitution on state spending when dealing with foreign policy activities. The current government (2016-2021), to make sure that this directive on state finance emanating from the constitution is respected has decided to rationalize the budget allocated to the ministry of foreign affairs and international cooperation. To implement that, they decided to close some diplomatic and consular missions with minimal effects on the economy, and also, some embassies were transformed into consular generals. The directive on internal law from Benin’s constitution has a particularity in the sense that it recommended that when internal law conflicts with international law a priority should be given to international. It is in article 147 of the constitution. It goes like this *“Les traités ou accords régulièrement ratifiés ont, dès leur publication, une autorité supérieure à celle des lois, sous réserve, pour chaque accord ou traité, de son application par l'autre partie“*. In English, it says “International treaties or agreements when ratified and published have high authorities over laws, under condition that there is a proper implementation from other parties”. So, we see that international law has authority over domestic law in the constitution.

Territorial integrative is another directive given by the constitution, it defines what is a violation of territorial integrity in foreign policy. In the last sentence of the article 145 there is a statement like this "*Nulle cession, nul échange, nulle adjonction de territoire n'est valable sans le consentement des populations intéressée*" This means that "No cession, no exchange, no adjunction of territory can be carried out without the consent of the concerned population". The article 145, tells us how the understanding of territorial integrity is in foreign policy and what is considered to be a violation of territorial integrity. Generally speaking, no state would admit any violation of its territory without prior consent of the authorities in charge. We came to realize that foreign policy in the fundamental law (the constitution) holds an important place. And the constitutional prerogative of the president is not only to be the guarantor of the republic of Benin foreign policy but also to monitor its proper application through the ministry of foreign affairs and international cooperation heads by a minister he appointed himself. The ministry of foreign affairs and international cooperation possesses full power to implement the country's foreign policy. To understand how the ministry of foreign affairs and international cooperation carries out its constitutional obligation there a need to study its institutional organization, a natural transition to the third part of this dissertation which is going to be on the institutional organization of the ministry of foreign affairs and international cooperation.

4.2 The Institutional Organization of Benin's Ministry of Foreign Affairs And International Cooperation

The institutional organization of the ministry of foreign affairs and international cooperation is based on two factors namely political and technical. What is very interesting about the ministry of foreign affairs is that there is a special section

specifically dedicated to economic diplomacy. We will elaborate more on that in the next chapter on the factors that determine the republic of Benin's economic diplomacy. Before we actually go deep into the institutional organization of the ministry it is important to have in mind the 9 core roles or objectives of the ministry stated in the Decree N°2017-586 of 13 th December 2017 concerning the attributions, organization and the functioning of the ministry. 1- to conduct international cooperation on the bilateral and the multilateral levels 2- to insure a decentralized coordination of activities at the international level 3- to ensures promotion of regional and African integration 4- to promote political dialogue between Benin and its partners 5- to promote north-south and south-south exchange in technological development, economic, social and cultural as well. 6- to support Benin economic promotion in the World. 7- to promote Benin's interest and its citizens as well in the world. 8- to facilitate the implication of experts in negotiations on investment projects and programs in Benin. And 9- to ensure Benin promotion in the world and also Benin contribution to the maintenance of international peace and security. Economic diplomacy in all these core objectives has a crucial role to play, from bilateral to multilateral cooperation, all the way to the promotion and the maintenance of international peace and security. After reviewing the core objectives of the ministry, it is time to look at its institutional organization. Article 2 of the same decree on the attributions, organization and the functioning of the ministry put a stress on the fact that there is a separation between political; technical and administrative functions. The political functions rest on the minister and his nominated team. The cabinet of the minister is constituted of the personal secretary of the minister, a person responsible of public contracts, the assistant of the minister, two drivers and a personal bodyguard. On another hand, you have the central management "*direction centrale*", technical

directorate “*direction technique*” and the geographical directorate which are more technical than political. In the above-mentioned management system two directorates are mainly in charge foreign policy implementation, they are mainly the technical directorate in charge of issues related to geopolitics, consular businesses, legal businesses, telecommunication and numbers, international organizations and peace maintenance issues, cultural and humanitarian cooperation, economic and commercial issues, state protocol, and interpretation and translation issues. In the geographical directorate, there are four geographical subdivisions according to the regions of the world, mainly Africa, the middle east, America, Asia, and Europe. Now we came to realize that the political and technical organization of the ministry of foreign affairs and international cooperation is not as simple as we may think of about it. It is actually a complex system. However, it is a necessary step towards understanding the Republic of Benin foreign policy priorities.

4.3 The Foreign Policy Priority of The Republic Of Benin

To analyze the foreign policy priorities of the Republic of Benin I would like to call on your attention on the fact that this dissertation is mainly interested in the period after 2016 when President Patrice Talon took office. The period before 2016 is not with great importance because we already gave a comprehensive analysis of that period and the title of the research is very specific “BILATERAL AND MULTILATERAL ECONOMIC DIPLOMACY: A CASE STUDY OF THE REPUBLIC OF BENIN”. The website ministry of foreign affairs and international cooperation can be an ultimate reference in understanding the foreign policy priority of the country. It is organized in an impressive way that whoever is interested in the country’s foreign policy priorities he/she can easily access official information. Our research will not be an exception to that rule. Throughout many official activities

organized by the ministry such reports, press briefings, interviews, communiqué, and diplomatic meetings two things or concerns seem to be appearing all the time “development and economic growth issues” in all their forms (educational, infrastructural, technological, industrial, agricultural, health, etc.) and “security” in the Sahel region. These are the main dominant topic in the country’s foreign policy. But because the republic of Benin is not a place very prone to security issues such as terrorist attacks, organized crimes, military conflicts with armed groups, etc. compared to other neighboring countries in the region, developmental issues dominate most activities carryout by the ministry. This is to say that the country's foreign policy is mostly interested in issues related to economic development than any other issue. As a developing country with a lot of economic potentials, the ministry decided to play with some of the advantages the country possesses to attract foreign investments both real and financial to grow economically. Some of these advantages are the port it possesses which represents a transit gate for re-exportation of goods and services coming from regions like Europe, Asia, and America to landlocked countries such as Niger and Burkina Faso. The same thing is also true for the departure of minerals, natural resources and agricultural products extracted or cultivated from Niger and Burkina Faso to Europe, America or Asia. The port is a strategic gate of the departure and the entrance of strategic goods and services needed in the sub-region in west Africa and the world. Another advantage is its huge agricultural potential. According to the United Nations Food and Agricultural Organization (FAO) 63% of the over whole territory is arable. The macroeconomic stability is another advantage that guarantees fluidity and confidence when engaging in financial activities internationally. Benin is relatively a peaceful and democratic country compare to other countries in the region. Its proximity to giant Nigeria gives her a geostrategic position. All these advantages

combined represent important power leverage when engaging with other international actors. Attracting foreign investments is one of the main tenets that dominate the country's foreign policy from 2016 up till now. The technocrats behind this idea believe that by attraction foreign investment three possible objects or outcomes they aspire to could be achieved. The first one is to increase production and to do that, a proper finance is needed because there are no sufficient available resources in the country to finance large-scaled industrial and agricultural production when production is scaled it will directly impact employment positively, more jobs will be created to solve the pressing need for youth employment of the growing population, then the second objective which is youth employment will be achieved. The last objective is durable and strong infrastructures of transport, telecommunication, and energy production, with foreign finance it is possible to achieve this objective. Then comes the question on how to attract foreign capital both real and financial. This is possible through many mechanisms. Now that we know that economic growth and issues related to economic development is the key priority of the foreign of the country. And of one the foreign policy tools or instruments through which the ministry of foreign affairs and international cooperation could possibly use to attract foreign capital is by using an effective bilateral and multilateral economic diplomacy to mobilize financial resources through the 27 diplomatic representations it possesses throughout the World. The question on how to attract foreign investment will take us the next chapter of our dissertation on the factors that determine the economic diplomacy of the republic Benin.

Chapter 5

FACTORS THAT DETERMINE THE ECONOMIC DIPLOMACY OF THE REPUBLIC OF BENIN

This chapter on the factors that determine the economic diplomacy of the republic of Benin will be the most important chapter of this research. For that reason, it is carefully designed in a way that allows a logical flow of information collected for that purpose. To that end, it is made of 4 sections. In the first section, we will refresh our mind on what multilateral and bilateral economic diplomacy mean as they are the two most important elements on which economic diplomacy is constructed with reference to the republic of Benin. In another word, their definitions and application to our case study. In the second section, after presenting an overview of the bilateral economic diplomacy of the country, an analysis of what the bilateral economic diplomacy of the country is made of will be presented in relation to the 7 most important actors with whom the country is carrying out its bilateral economic diplomacy. The third section followed the same methodology but to the multilateral economic diplomacy of the country by looking at sub-regional, regional, continental and global multilateral economic institutions. And the last section looked at initiatives and policies taken by the current government to reform and modernize its portfolio in economic diplomacy.

5.1 Contextual Definitions Of Bilateral And Multilateral Economic Diplomacy

Bilateral economic diplomacy sometimes called “bilateralism” is an instrument of economic diplomacy (Afesorbor, 2016). It allows two governments to come together to discuss bilateral (involving only two parties) economic issues. This type of instrument is not only limited to intergovernmental economic discussions it can also take place between a nongovernmental organization (an international economic institution, multinational corporation or enterprise with legal personality or not) and a government. Discussions on bilateral economic diplomacy usually turn around trade issues, all types of negotiations on economic matters, mutual investment agreements, public-private missions, bilateral summit meetings and also dialogues between parties involved. In this rapid globalization of economic activities, such global supply chains, global trade, global governance bilateral economic diplomacy is not as important as multilateral economic diplomacy nevertheless it allows in-depth access of information regarding economic activities from both parties thus enhances accuracy when dealing with important economic issues, unlike multilateral economic diplomacy where obtaining detailed information about the economic activities of all participants would be costly and time-consuming. It is also wise to point that, bilateral economic diplomacy as an instrument that develops and promotes bilateral, mutual and reciprocal economic interests, can also serve as a tool to achieve self-interest economic gains meaning that it can be used as threat or sanction to force the other party to make concessions sometimes against the will. The recent USA-China trade war is a tangible example of how bilateral economic diplomacy can also be used as a threat or as a way of putting pressure on an economic partner to make concessions. Another example that is very relevant to our case study “the republic of Benin” happened on the border between the republic of Benin and Nigeria (Aluede, 2019). The government of Nigeria decided to shut down its borders with Benin as a reprisal to Benin misconduct in cross-

border economic activities. Some economic agreements exist between Nigeria and the republic of Benin regarding cross-border trade at both the bilateral level and at ECOWAS (Economic Community West African states) level. To be discussed in the section on multilateral economic diplomacy. Among those bilateral economic agreements signed between Nigeria and Benin we have “Fire for fire” cooperation (Blum, 2014) for a joined anti-piracy patrols, another one is about free movement of goods and people across the borders and many more. Bilateral economic diplomacy instead of creating strong economic bonds between countries can sometimes pretty much do the opposite. Then, what about multilateral economic diplomacy? Let’s analyze this issue in the next paragraph.

To start with a simple definition of what multilateral economic diplomacy is. According to Woolcock & Bayne (2017) “multilateral economic diplomacy provides for the involvement of all countries, though this makes it cumbersome. It incorporates the regimes embodied in the WTO, the IMF and World Bank and the economic work of the United Nations, as well as a wide range of specialist organizations.” This is to say that, multilateral economic diplomacy creates an arena where different countries and specialized economic organizations come together to discuss common economic interests, in this case, it involves more than two countries as opposed to bilateral economic diplomacy. Today, multilateral economic diplomacy is one of the main driven forces of economic globalization and global economic integration. The World Bank, the International Monetary Fund (IMF), the World Trade Organization (WTO), the Organization for Economic Cooperation and Development (OECD) among others can be used as an illustration. Again, to understanding what multilateral economic diplomacy means for the republic of Benin we have to look at it on 4 different levels of analysis, which are the sub-

regional, regional, continental and global levels of the economic blocks it belongs to. Multilateral economic diplomacy is a good tool for rule-making in the international economy at the same time creates an environment where interests of participating countries whether small or big can be converged into a common global interest to prevent global economic crisis, global employment issues, global inequalities, exchange rate volatilities, and the likes. But multilateral economic diplomacy is far from being an ideal way of accommodating conflicting interests into one common and global interest. Woolcock & Bayne (2017, p.10) have identified three possible tensions that could arise in a multilateral economic cooperation. The first tension would be between international politics and international economics, to recall what we have mentioned in the literature review that the distinctive line between the British and the American International Political Economics (IPE) traditions is politics and economics. Americans look at IPE as purely a scientific field on one hand and the British look at IPE as something purely social and philosophical on another. This conflicting interpretation of the IPE also reflected in multilateral economic diplomacy which is one subset of IPE. The second tension would be between international and domestic pressures, it affects the choices made by governments. For instance, some international rules on economic globalization force governments to give up some of their sovereign power to make the economy to international pressures. It may sometimes result in domestic tensions such as in the case of privation of public goods etc. The last tension is between governments and other nongovernmental forces such multinational companies, non-profit organizations, traders, investors, financiers, etc., some regulatory policies like labor rights, social security might conflict with the interest of non-state actors and raise tensions. The three tension we mentioned can be even vivid in developing countries such as the republic of Benin because small and

developing economies do not have the necessary economic capabilities to gain favorable concessions from more powerful international economic actors to implement policies that favor the mass. Now that we have refreshed our minds on what bilateral and multilateral economic diplomacy are and all the debate around them, let's now contextualize our analysis which is going to take us to the second section of this chapter that is about the bilateral economic diplomacy of the republic of Benin.

5.2 Seven Important Partners Of The Republic Of Benin In Bilateral Economic Diplomacy

The country with its modest size both in terms of territory and economy has a bilateral economic diplomacy model that relies on bilateral economic deals, bilateral and reciprocal investments, mix economic council and also in some of its diplomatic representations there exist staff responsible for bilateral economic and commercial relations. These are some of the most important characteristics of the bilateral economic diplomacy of the country. The 7 partners that we've selected as Benin important partners in economic diplomacy by no means cannot be considered as a conventional or official selection of the country's partners in bilateral economic diplomacy. It is very exhaustive and might not represent the full picture of the country's economic diplomacy. It is solely done for academic purposes and can only help us to formulate a global overview with respect to that matter. The selected partners of the country on Economic diplomacy can change anytime. They are very contingent on economic, political and social conditions from the republic of Benin and its bilateral partners in economic diplomacy. According to the national institute of statistics and economic analysis (INSAE) and the Chamber of Commerce and Industry of Benin (CCIB) reports, because they are the main important institutions working closely with the central government, 7 major bilateral economic partners seem to be

frequently mentioned namely Nigeria, France, Brazil, India, Turkey, the United States of America and China. This identification is not solely based on the volume of economic exchange that exists between the republic of Benin and its partners in economic diplomacy but also on the frequency of their economic interactions and the bilateral high levels visit of their respective state authorities.

Nigeria the first on our list and a neighbor of the republic of Benin holds important bilateral trade deals, bilateral investments combined with 809 km long of the border they share (Jarreau,2019 p2). Customs from both sides share intelligence regarding economic activities alongside the border. Above all, what is very recurrent between the bilateral economic relations of both countries are commerce and trade. Periodic bilateral meetings are held between the chambers of commerce and industry of both countries to strengthen their economic ties. The primary goods that Benin export or re-export to Nigeria are staple products such as rice, oil, etc. but also automobile 80-90% of cars imported to the republic of Benin are destined to the Nigerian Market (Ribstein & Boswell, 2014). Nigeria is also active in the financial market of the republic of Benin, banks such UBA (United Bank for Africa), Diamond Bank offer financial services in the country. Authorities from both sides recognize the importance of the bilateral economic relations that exist between their respective countries and the challenges attached to it. Every day, coordinated efforts are being made to reinforce border security, to stabilize and improve their mutual economic ties.

The second in our list is France, detailed information about the bilateral economic relations between Benin and France is available on the website of the Ministry for Europe and foreign affairs of France for those who are interested in detailed information, our main objective here is to focus on the fundamentals. The French-

Beninese bilateral economic diplomacy is founded on three pillars, exchange of goods and services, trade agreements and investments. Development aids can also be included but it is not as significant as the other ones in recent years. Despite the fact that the exchange of goods and services has significantly dropped in recent years due to extensive trade with China, poultry and pharmaceutical products from France hold important market share in Benin. Some 40 businesses belonging to the French invested in the country and are operational in logistic, construction and also the banking sector (Ministère de l'Europe et des Affaires étrangères, 2019). French businesses expanded as a result of massive privatization conducted by succeeding governments between 1990-2003 after the structural adjustments program was implemented in the country. As far as trade agreements are concerned limited information has been made available but French discriminatory and protectionist trade model with her former colonies such as the republic of Benin is still existent in the bilateral trades agreements concluded between Benin and France.

China, the third on our list, bilateral economic diplomacy with Benin can be summarized in three principal axis, governmental assistance, investment, and commercial exchanges. The governmental assistance is in two programs, debt forgiveness and the rescheduling of some debts and the Chinese government funding to agriculture, industry and public investments (Soulé-Kohndou, 2018). The investment axis is multidimensional. The construction of a railway that will connect the south to the north of the country and extends to other neighboring countries such as Niger is among the major investments carried out by China in the country (South China morning post, 2018), another significant investment is about the establishment of the biggest centre for the commercialization of fishing equipment in Africa.

Commercial exchanges between Benin and China are increasing day by day and estimated to be about 2 billion dollars in 2017 (Mahunon, 2018 p.1).

The bilateral economic diplomacy that exists between the Republic of Benin and the United of America (USA) which is the fourth country on our list according to the US department of state and the Bureau of African affairs is in two angles. The first angle is about financial assistance to Benin government through a program called the Millennium Challenge Corporation (MCC) to improve the health care system and also public services such as electricity, transport infrastructure, etc. which are necessary conditions to attract foreign capital. The other angle is related to commerce and trade. Benin is part of the United States trade and investment framework agreement under the African growth and opportunity act which gives preferential treatments to Benin export to the United States of America and vice versa. Since then bilateral trade between both countries increased and continues to grow.

The bilateral economic diplomacy that exists between Benin and Brazil which is the fifth country on our list was revived during the April 25, 2018 visit of the three ministers of Benin government namely the minister of Foreign affairs and international cooperation; the minister of economy and finance; and the minister of infrastructure, and transport. The focus points of the bilateral economic relations that exist between Benin and Brazil turn around investment and commerce. To concretize that, a joined agreement was signed to create a common chamber to deal with commerce, industry and economic development issues. Another important aspect of the bilateral economic relations that exist between Benin and Brazil concerns the historical and cultural bonds during the slave trade of the mid-17 th century that accelerated their cultural and economic integration (Abdenur,2015).

Benin bilateral economic diplomacy with India our sixth country on the list significantly expanded and improved with Ram Nath KOVIND the president of India visits to Benin on 28th July 2019. The visit came to further reinforce the bilateral economic relations that exist between both countries. Many agreements and protocols were signed during this important visit to refresh the bilateral relation between India and the republic of Benin. Among those agreements we have a memorandum of periodic consultation on economic cooperation between the ministries of foreign affairs of their respective countries, a joined economic commission to develop and evaluate economic opportunities from both countries was created, an agreement between the national agency for medium-sized enterprises of India and the government of Benin was signed. Another important aspect of the visit of the president of India in Benin is the opening of a new credit line to finance investment in Benin and boost productivity in the country. Beninese citizens can also apply for an online visa to travel to India without having to apply directly to any consulate or embassy of India.

The last but not the least on our list about the 7 important actors that Benin maintains bilateral economic diplomacy with, is the republic of Turkey. Benin bilateral economic diplomacy with the republic of Turkey took a real form when the embassy of Benin in Ankara was opened in 2013 and the embassy of Turkey in Cotonou the following year (2014). Following the official establishment of both diplomatic representations, economic and diplomatic cooperation from their respective governments started to take form. One of the important elements of this bilateral economic relations is the establishment of Turkish Airlines direct flights Istanbul-Cotonou. It resulted in an increase in commerce from both countries. To further the economic ties that are increasing every day, on September 7 th, 2015 a mix Benin-Turkey business council has been established for periodic evaluation and analysis of business opportunities

from both countries. Now that we have analyzed the 7 major actors with whom the republic of Benin maintains good economic diplomacy on a bilateral basis. Let's have a look at the multilateral economic diplomacy which is as important as bilateral economic diplomacy.

5.3 Benin's Multilateral Economic Diplomacy On The Sub-Regional, Regional, Continental And Global Levels

The multilateral economic diplomacy of the republic of Benin includes its membership to many multilateral economic organizations and can be elaborated on four dimensions or level of analysis. It includes the country membership to sub-regional, regional, continental and the global economic organizations. On the sub-regional level, the West African Economic and Monetary Union (WAEMU) is the multilateral economic organization that Benin is part of and it is also among the founding fathers. The West African Economic and Monetary Union with 8 member states, having also French language in common as the official language, is one of the most important partners of the country multilateral economic diplomacy. Being one of the active members of the organization, the country, together with other member state is seeking to achieve 5 main objectives, to converge the economic and financial capabilities of the member states; to strengthen competitiveness in the union for efficient allocation of resources; to create a single market for all member states to facilitate fluidity in the movement of goods along with people in the union; to harmonize member state policies in sectors like energy, agriculture, human resources, transport infrastructure, and telecommunication; and also to create a unified fiscal policy in the union. One of the most important components or features of WAEMU is the common currency that all member state share. The republic of Benin has relatively a small economy in comparison to other states in the union. So, merging its economy with other big

economies in the union such as “Cote D’Ivoire” not only will guaranty a macroeconomic stability in the country but also will help the country resist external shocks. The country is well aware with fact that macroeconomic stability is the best way to attract foreign investment, so being part of this kind of economic block will help achieve one of its foreign policy priority which is to attract foreign investment. The economy of Benin even though its represents a small margin in the over whole GDP of the union, the country is very active in decision making. Romuald Wadagni the finance minister of Benin is the president of the council of ministers of WAEMU responsible for economic and monetary policies.

At the regional level the Economic Community of West African States (ECOWAS) is the regional partner of Benin in multilateral economic diplomacy. ECOWAS and WAEMU share similar objectives but the distinctive feature of ECOWAS as a regional multilateral economic organization is the fact that not only it comprises of 15 states larger than WAEMU but also its member states such Nigeria (the biggest economy in Africa) uses English as the official language. Other member states also use Portuguese as the official language. They also possess different national currencies, unlike WAEMU. Benin multilateral economic diplomacy with ECOWAS rests on the fact that the 1975 Lagos treaty opened up the 190 million population that the Nigerian market represents to Benin export, as free movement of goods and people is one of its main tenets. In addition to that, ECOWAS is an agent of west African regional integration and the republic of Benin wants to be part of it. As countries cooperate economically inter-states conflicts and tension will decline and what economic diplomacy is looking to achieve is peace consolidation. We can actually observe how the members state of ECOWAS are living in harmony for so many years. Another aspect that is positively impacting the economy of Benin for being member of

ECOWAS is that the economy of Benin is service-based. It transits goods from its port to the neighboring countries, such as Ghana, Niger, Burkina Faso Sierra Leone, etc. Transit brings more money to the economy. Commerce and trade cannot be ignored as the more the country produces goods and services the more it can trade its goods tariffs-free to the other member state in the union.

At the continental level, the multilateral economic diplomacy of the republic of Benin becomes complex and requires advanced analysis as it will be dealing with a wider public from all over the continent. The country membership to the African Union (AU) is one aspect. What the AU wants is not so much different from what the republic of Benin wants. They are all interested in African development through cooperation and integration. And to concretize that, Benin even if at the beginning was reluctant to sign the Africa Continental Free Trade Area (AfCFTA) alongside Nigeria, signed the agreement in later date (Cloete, 2019, p. 3). This historical free trade agreement if properly implemented by the signatories will be the largest free trade zone in World. And the republic of Benin being part of this giant free trade zone is a blessing and industries will flourish, intra-African commerce will rise.

Benin multilateral economic diplomacy at the global level includes its membership to many multilateral economic organizations such as the International Monetary Fund (IMF) the World Bank, and the World Trade Organization. With global economic organization, the country multilateral economic diplomacy operates differently compared to the sub regional, regional or continental economic organization because it involves multiple global actors such as the USA, Japan, China, France and many more. To start with Benin multilateral economic cooperation with the IMF it is mostly based on three areas of cooperation. The first one concerns loans and funding for

public investment to help the country (categorized as one of developing nations) to deal with sporadic economic imbalances, budget deficit, the balance of payment issues, etc. The second area concerns technical assistance and counseling to the government of Benin alongside many other countries sharing similar economic indexes to decide on fiscal policy to make sure that government spending and income (taxes) are efficiently used to best deal with economic and developmental problems in the country. The third area is regulatory meaning that the IMF ensures that appropriate monetary policy is implemented to stabilize the macroeconomic environment in the country. The World Bank is another multilateral economic institution where Benin is having a membership. The World Bank helps developing countries such as Benin to do two tasks. The first task is to suggest policies that can help alleviate or reduce poverty by analyzing factors like political context, economic overview, social context and development challenges. According to the World Bank, the over whole economic performance of the country is positive and promising. As far as our third multilateral economic institution is concerned (the World Trade Organization) Benin membership to this organization along with many other developing nations aims at creating an environment where barriers to free trade are lifted to promote comprehensive trade liberalization. Trade-related dispute resolution is very important to the country and the WTO can guaranty it. Benin has also signed multiple trade agreements with WTO including the agreement establishing the organization. Since then, trade was liberalized and the economy started to grow. The government of Benin to make sure that the pace at which the economy is growing is reinforced and improved took further initiatives to reform and modernize the administration so that the country's bilateral and multilateral partners in economic diplomacy will have more confidence in the

government and its policies. So, what are those initiatives.? Let's analyze them in the last section of this chapter.

5.4 Initiatives And Reforms Taken By The Current Government 2016-2021 To Modernize Its Portfolio In Economic Diplomacy

The first institutional reform that would potentially diversify Benin's economic partner both bilateral and multilateral operated by the government was the E-visa system. It was created to boost the country's visibility in the World. With this major reform, anyone interested in doing business in the country could travel there with an electronic visa. The second major reform goes to public-private relations. As we mentioned before the economy of the country relies heavily on the port for transit-services to other neighboring landlocked countries, agriculture essentially for export, and the airport. And in order for an economy to properly operates efficiency is needed. Experience has shown that to have an efficient management of any sector in the economy public finance and management alone cannot be sufficient private know-how is needed as well, public management alone caused most state companies providing electricity, water, handling in the port and the airport to go through huge debts, lack of investment and lack of capital for expansion, etc. The government earlier understood that and decided to privatize some public enterprises but the government will remain the major shareholder in the companies. It is a public-private partnership that will not undermine government capacity to have control over in the enterprises. After some major privatization initiatives and reforms, the country is able to face growing demand in electricity and water which are necessary ingredients for industries. Another important reform is in agriculture. When the government stopped subsidizing agriculture especially cotton and left it to the private sector the country was able to produce the highest cotton fiber in Africa 2018-2019 because private management is always

efficient than public management (Honfoga, Dossou, Agboton, & Sommer, 2017, p. 5). The management of the port was also given to a private contractor from Belgium since then activities in the port improved, the same goes to the airport. Another reform concerns the expansion of the country's diplomatic representation around the globe to find new economic partners. Another major reform is toward investment in the country, a new investment law under evaluation is to be approved in the parliament very soon. After ratification, it will give many advantages and flexibility to private investment in sectors considered to be essential to the economy. It takes less than 15 minutes to create a new business in the country. And the government even took further step by creating a new tribunal of commerce in 2017 to deal with trade-related issues in the country. So, when a legal framework specialized in trade and business dispute settlement is operational it gives confidence to investors.

The republic of Benin possesses many mechanisms to effectively deal with its bilateral and multilateral economic diplomacy. We have analyzed that throughout this chapter. We discovered that the bilateral economic diplomacy of the country is as important as its multilateral economic diplomacy. The World is undergoing a tremendous mutation and to properly adjust to these mutations the country developed mechanisms to deal with systemic changes.

Chapter 6

CONCLUSION

Throughout this research, we have discovered that diplomacy in general, and economic diplomacy in particular originally known to be a tool used by powerful actors in international relations is also used by small and developing countries, in particular, the republic of Benin. Economic diplomacy is effectively used by developing states to protect and reinforce their economic interests.

When conducting this research, we are aiming at studying and analyzing the economic diplomacy of developing states in general, and the economic diplomacy of the republic of Benin in particular beyond the traditional understanding of economic diplomacy. Benin is relatively a new actor in international relations because the country gained its international recognition after 1960. In this research, we have found that it is not the fact that Benin belongs to certain bilateral and multilateral economic blocks to make the country to prioritize economic diplomacy but its commitment to modernize its economy and to stimulate economic growth. This is possible only if a favorable environment and policies to promote investment are created. The purpose of this research was to explain the alternative understanding of economic diplomacy emanating from developing nations. And we found out that this alternative understanding of economic diplomacy from small and developing nations rests on the fact that the developing nations' idea of economic diplomacy does complement the traditional way of dealing with economic diplomacy by developed nations. Developing

nations also came with some innovations as well. Many scholars have started to be interested in these innovations due to developing nations' rapid growth both in population and market share and their constant presence in many economic forums. In this research, we also intended to do the same. Which is finding how developing nations formulate their economic diplomacy. Additionally, we found out that the diplomacy of economic development is different from the diplomacy of developing nations. The former is based on bringing economic aids to help developing nations to transform and grow their economies. But this strategy did not yield the expected results. The later concentrates mostly on a win-win cooperation. Trade and mutual investment for mutual benefits. So, the distinctive feature between the two is that the diplomacy of economic development involves solely bringing free financial aids to developing nations while the economic diplomacy of developing nations is constructed through win-win bilateral or multilateral economic partnership. The win-win economic partnership gave the developing nations the capacity to formulate and implement innovative ways to accommodate their economic priorities with the ones of their partners. And to do that there must a legal framework to guarantee the rights and responsibilities of the actors (non-governmental and governmental organizations, to some extent multinational companies alike). It is where International Law carries its full meaning, precisely international economic law. International economic law is the legal body on which rests economic diplomacy to be fully functional or operational. Another interesting thing is that the history of international law and diplomacy that evolved after the 1950s to cover economic areas are intertwined, international law is a derivate of diplomacy. In the course of this research, we discovered that throughout the 19th-century diplomacy that was originally known to be state-to-state business has evolved to include intergovernmental organizations such the African Union(AU), the

United Nations (UN), the European Union (EU), but also non-state actors such as Nongovernmental Organizations (NGOs) and multinational corporations, etc. This transition is termed "Modern Diplomacy". It is (Modern diplomacy) even compartmentalized into different areas of expertise, in technology it is called cyber diplomacy, in economics, it called economic diplomacy it can be carried out bilaterally or multilaterally, in environment the term environmental diplomacy is used, disaster and emergency diplomacy also exist, the list goes on and on. One way to criticized diplomacy whether in its classical or modern forms is that it gives little attention to economics. Instead, it is more concerned with security and political issues. But economics matters are becoming very relevant to today's international politics (diplomacy). Ignoring this fundamental role of economics in diplomatic practices would make the field incomplete. Small and developing nations earlier understood the fact that when you become economically indispensable to other nations your voice in international relations will be heard. And this objective can be achieved only through efficient economic diplomacy. The developing nations in general, especially the developing nations in Africa including our case study (the republic of Benin) are utilizing two important strategies to make their economic diplomacy very effective. The first one we have identified throughout this research is about continental economic integration to form the most important free-trade zone in the world. It will give the developing nations in Africa unprecedented power leverage in international economic activities and international politics at the state level and will further boost intra-African trade. The second strategy we have found is related to 21st-century rising powers such as China, Brazil, India, etc. Developing nations are redirecting their economic relations towards those rising powers that are challenging the traditional setting imposed by capitalist and imperial powers (established powers) during the colonial era.

This transformation came as the developing nations are being inspired by different liberal economic theories and models of the 20th and 21st centuries from which economic diplomacy originated from, namely free-trade theory, economic interdependence theory, economic bilateralism and multilateralism and so on. To put things into perspective, during the research, we looked at for example the institutional organization of the republic of Benin foreign policy upon which its economic diplomacy relies on, legally backed the 1990 constitution of the republic to see how far it was influenced by liberal economic theories and models. We found a correlation between these liberal policies and the way the country's foreign policy is organized. The history of the country cannot be disintegrated from its foreign policy organization that is based on liberal principles. The four most important events that shaped the country's political history told us much about the processes that led to the adoption of liberal ideas. It included the adoption and protection of human rights, the free-market economy under which economy diplomacy operates that is embedded in the 1990 constitution of the country. Additionally, we have also discovered the complexity of the institutional organization of the ministry of foreign affairs and international cooperation which combines political and technical staff. This setting is essential to the ministry because it helps to structure and guide the foreign policy priorities of the country. The current government 2016-2021 most important priority is to attract foreign investment to finance economic reforms. The chapter before the concluding chapter of this research gave us a constructive evaluation of how Benin conducts and maintains its bilateral and multilateral economic diplomacy with its other economic partners. On the bilateral level, for example, 7 important partners have been identified to assess the health of the bilateral economic diplomacy of the country. We have discovered that not only the country is an active actor in bilateral economic relations

but also periodic coordinated state authorities' visits are the fuel energizing the country's bilateral economic diplomacy. On the multilateral level, it is a bit more complex because a multitude of actors all around the world is involved. The multilateral economic diplomacy of the country runs on four (4) different levels, sub-regional, regional, continental and global.

So, the answer to our research question of what does the group of developing countries' economic diplomacy possess that complements and reinforces the conventional economic diplomacy is that developing countries, especially in Africa, started to redirect their economic cooperation with rising powers such as China, India, Brazil, etc. which is challenging the existing setting created by the colonial and imperial powers namely the U.K, France, the USA. When we look at the 7 major economic partners of the republic of Benin for example 5 of them are all rising powers, it is a clear proof that developing countries in Africa especially, begin to restructure and challenge the existing setting in economic relations. Benin prioritizes economic diplomacy because it is undergoing profound and considerable change to create and to develop a safe pathway through which investment and productivity will thrive. So, having an effective bilateral economic diplomacy will allow the flow of financial resources to grow the economy. And at the multilateral level coordinated efforts with other nations in the world will allow sub-regional, regional, continental and global initiatives to be taken to achieve common interests.

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