



## THE EXTRATERRITORIAL TAXATION OF DIASPORAS AND ITS CONTRIBUTION TO DEVELOPMENT: THE ERITREAN EXPERIENCE

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### ABSTRACT

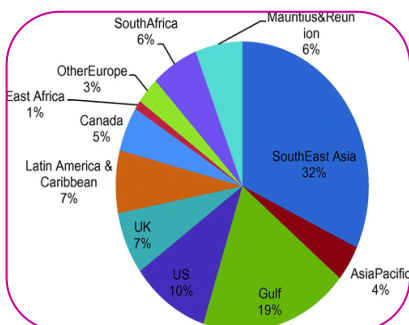
*Eritrea's independence was achieved and sustained partly through the contributions of the Eritrean Diasporas. Since late 1950s and until recently, the intermittent migration of Eritreans across the world by and large was due to Eritrea's missed decolonization in the 1950s followed by thirty years of war for independence and the 'no war no peace' situation of the past decade. However, irrespective of the dire situations the migrant went through, the resettled refugees or the Diasporas for that matter have been a constant source of political and financial support before and after independence.*

*In post independence, the Eritrean Diasporas received high priority by the government of Eritrea in its endeavor for nation building and revitalizing the economy. In an attempt to engage the Diasporas in the developmental process, a number of initiatives were introduced out of which a two percent tax of rehabilitation and recovery proclamation was enacted in 1994, requiring individuals living abroad to contribute a fair share or pay a proportional annual income tax. At the outset this modest provision was essentially envisioned to alleviate social burden inherited from the war and to reinforce self-reliance strategy of national development. Thus, this paper mainly aimed to examine the motives and practices of Diasporas tax levied by the government of Eritrea and attempts to assess the contribution to the development of homeland against the drawback of condemnation of certain individuals, opposition groups, and host countries at a time, as well as UNSC Resolution of (2023) that has labeled the tax as illicit income generated to destabilize the regions.*

**KEY WORD:** Migration/ Diaspora, development, tax.

### INTRODUCTION:

The contribution of Diasporas to development of homeland and the host country alike has been widely appreciated. The experience of India, China, Ghana, Israel, Philippines, Mexico and many other countries of proportional diaspora citizens are best examples in hand. Practices of each state in utilizing Diasporas contributions vary from one another based on its historical experiences and policy priorities. Migration policy institute (2004) noted that India, China and Taiwan for instance focused more in business oriented investment as opposed to merely remittance benefits to seek Diasporas contribution to development. While Taiwan inclined to brain trust policy by attracting human capital from the Diasporas, China and India in contrast favored direct investment, open trade opportunity, portfolio investment, technology transfer, market opening and outsourcing opportunities (Ibid). Eritrea however, a small state in the horn of Africa is among, the few state, which heavily depends on remittances of Diasporas contributions. From the year 1991 – 2003 the estimated remittance Eritrea received exceeds 400 Million dollars (Fessehazion, 2005). This, in turn added to the donated money in



various forms for different purposes, made a substantial contribution to the newly born state of the Red Sea<sup>1</sup>.

The experiences of Eritrea even though not at par to the Asian experiences with a sophisticated utilization of the Diasporas, had rather managed to large extent to benefit out of the sizeable and widely dispersed Diasporas communities. The Eritrean Diasporas in a way exhibits a different set of practices that seemingly challenges the established norms. Apparently, the two percent tax which has been part and parcel of the state economic derive since independence has substantially contributed to the substance of the state particularly at the hardest time of the Eritrean- Ethiopia border war, and equally boosted national developmental projects that need to be acknowledged and thoroughly examined.

Early sixties and mid seventies onwards, the Eritrea's political discourse has witnessed outflow of migrations due to the dismantlement of federation and the subsequent Ethiopian scorched earth policy. And in later years after the Ethio-Eritrean border dispute (1998-2000) many more Eritreans flocked to neighboring country in general and the west in particular as the government of Eritrea increasingly has become demanding.

Today one third of Eritrea's population lives in diaspora (Hirt, 2013) and invariably many more influx of refugee are in making, producing diasporic community in a foreseeable future which in turn made it best suited to take advantage of its diasporic contributions in all aspects. At the time when diasporas contributions to state developmental efforts became so widely acknowledged worldwide, however, Eritrea has from the very beginning relied on the diasporas and Eritrean migrants during its liberation struggle for independence and continued to engage its diasporas politically, economically and relentlessly endeavored to utilize its skills, knowledge and capitals as a derive for national building.

One of the contentious or controversial issues of Eritrea's political discourse in the past few years is however, the two percent tax levied by the government of Eritrea. Diasporas two percent tax which is levied in accordance with the rehabilitation and recovery program enacted in 1994 by the Eritrea's parliament of the time has received wider acceptance/ momentum by the diasporas as was seen as a bondage or a reflection of attachment to the home country by some and as a means of extortion or abuse by others in recent times<sup>2</sup>.

Extraterritorial taxations of Diasporas or citizens residing outside the jurisdictions is however a norm practiced worldwide for years but various from state to state. Even though diaspora tax discontinued in most cases as is true in Mexico and other countries, today surprisingly the only two states that collect taxes from its diaspora/ citizen residing abroad are the United State of America and Eritrea. The reasons or motives behind government act of levying tax have its roots in desperate national conflict as it is true for both Eritrea and USA<sup>3</sup>. The first USA income tax enacted in 1861 in the early month of the civil war in which 3 % tax on income over \$ 800 and of 5 % tax on incomes earned by citizens residing abroad<sup>4</sup>. By the year 1864 the tax was expanded to include income of all sources no matter from where it was generated. As it is true in most cases paying taxes during those early years deemed as a reflection of citizenship, heroism and also provides sense of entitlement and pride for many<sup>5</sup>.

In a similar vein, Eritrea is not an exception. The war torn state of Eritrea located in the volatile regions of the horn and most importantly with little experience of foreign aid took no time to realize and acknowledge Diasporas contributions for development. One year after independence in 1994, the

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<sup>1</sup> It is worth to note that Eritrea celebrated its Twenty Seventh anniversary of independence and the term new is used simply to mark the difference that exist as opposed to its neighbors, which have had enjoyed long peace and self governance.

<sup>2</sup> Al Ali Koser, 2001 ..., Gaim Kibreab 2009 & [www.ibtimes.co.uk/eritrea-london-diaspora-tax](http://www.ibtimes.co.uk/eritrea-london-diaspora-tax)

<sup>3</sup> [www.smart.org](http://www.smart.org).

<sup>4</sup> <http://blogs.wsj.com/washwire/2012/05/18/tax-history-why-u-s-pursues-citizens-overseas/>

<sup>5</sup> Abrhet interview with author, Asmara, 2009 & see Al-Ali, Black Koser 2001, Samia Tecle 2013. and Gaim Kibreab 2009

government of Eritrea enacted recovery and rehabilitations (RRP) upon which all citizens residing abroad required to contribute his or her fair share in rehabilitating and recovering the inherently damaged economy. The practice of Diasporas contributions essentially by all measure is part and parcel of the protracted struggle the Eritreans have waged and as such after independence the Recovery and Rehabilitation Tax (RRT) has been welcomed. However, the two percent tax which began as a volunteer gradually became an obligations and failing to fulfill leads to if not punishment but to the denial of basic services back home<sup>6</sup>. On the other hand it is believed that by and large the two percent tax levied by the government of Eritrea in the past decades has substantially benefited states development and survivals against its arch enemy aggressions of Ethiopia and the drawback of external support.

This paper, however, will examine in detail the motives of the two percent income tax levied across the world. It looks into the reaction of the host country and individual or oppositions party condemnations and in return endeavor to assess how far it contribute to the development of the home country. Besides, the paper will introspect on the United Nations Security Council Resolutions of (2023) that denounced the taxation of diaspora under the pretext of using it for destabilizing the regions.

### HISTORICAL BACKDROP

The Red Sea state of Eritrea, located in the horn of Africa bordering Sudan in the West, Ethiopia in the South and Djibouti from the South East on the extreme South of the strait of *Bab al Mendeb*. It is a nation composed of nine ethnic groups disproportionately scattered across the country in a size of 121,320 sq Km. Eritrea endowed with a coastland of 1200Km and numerous islands, as well as untapped natural resources making it the focal point of attractions. While most people in Eritrea depend in subsistence agriculture, others practice trade, fisheries and tourism. The country is equally divided among Christian and Muslim living in harmony and peace for centuries, an added value that was sustained and cultivated by the EPLF during the struggle. Like any other African state, Eritrea passed through subjugation of different colonial powers, starting from the Italian colonial rule for fifty years and followed by British Military Administration and Ethiopia respectively for ten and thirty years.

Upon the dismantlement of Eritrea's federations that was granted to Eritrea by the United Nations General Assembly deliberations in 1952, The Eritrean marched in a protracted war all alone against all odds, essentially utilizing the meager resources available and the invincible and resilience masses.

In 1993 Eritrea became independent after a protracted struggle from Ethiopia's colonialism. During the course of thirty years of the liberation struggle, the EPLF as a vanguard of the revolution managed to mobilize and solicit support from the Diasporas. Thus, the Eritrea's diaspora across the world enormously contributed politically and financially to the success of the revolutions. Soon after independence, however, the Diasporas commitment tripled and their contributions vividly felt in every activities of the new born state of Eritrea<sup>7</sup>. The Eritrean Diasporas overwhelmingly participated in the 1993 referendum and took part in drafting the constitutions in the early years of independence<sup>8</sup>. With the euphoria of Eritrea's independence, thousands of the Diasporas flocked to their liberated homeland to participate in the national economic conference; teach at the newly reinstated University; offer advisory services to the government, work in government ministries, serve in various commissions and agencies; set up private business and resettled in their country of origin<sup>9</sup>. Most importantly, thousands of them remitted money to family and invested in various small sectors. However, the relevance of sheer Diasporas remittance to development in this regard is debated as it is not necessarily led to development (MPI, 2004). Remittance and its impact on development

<sup>6</sup> Tekeste Zemuy interview with Kevin P. Roberson, Retrieved from <http://www.eastafro.com/2018/02/01/video-eritrean-diplomat-tekeste-ghbremedhin-zemuy->

<sup>7</sup> Ambassador Andebrhan Weldegiorgis, Eritrea at crossroads, 2014

<sup>8</sup> Gaim Kibreab 2009, & Andebrhan 2014

<sup>9</sup> Andebrhan W 2014, Tessema 2010 and Araya Tsegai 1998

as noted by Samia Tecle differ based on context and unit analysis. Hence, Remittances in most cases tend to contribute both positive and negative based on circumstances and timings.

Bracking (2003, 641-642) argued that remittance transfer at the time of economic and political crisis have a critical importance in supporting or undermining regime and equally fuels conflict if it is handed over to rebel groups and the like<sup>10</sup>.

It is very difficult to come with an accurate estimate of remitted money to Eritrea against the drawback of sanction, lack of transparency and as well as the transfer of money in most cases happened in an institutionalized manner – via *Hawala* and the like as it is apparently true with the Somalis diasporas as well<sup>11</sup>

### Motives, Practices and contributions of Rehabilitation and Recovery Program

#### • Motives

After independence, Eritrea's daunting challenge was to revitalize its war torn economy and seemingly prove its viability as a state by embarking on a fresh historical discourses. Apparently Eritrea has inherited a damaged economy, a devastated infrastructure and a social burden as it had an estimate of more than sixty thousand martyrs and ten thousands of disable veterans that needs government welfare and rehabilitations<sup>12</sup>. Hence, in an effort of alleviating the pressing challenges the governments face and in an attempt to instill the spirit of work ethics and reinforce its self reliance principles opted to engage the Diasporas in the nation building project.

As argued in a number of occasions by several scholars, an aggressive economic policy has been adopted emphasizing on "self reliance", a principle proved pragmatic and successful least to say during the liberation eras. Self reliance as argued by and large is not a tactical approach imposed merely by circumstances, instead is a principle pursued to overcome challenges and advance certain goals guided by internal derives. However, such practices was misinterpreted and vehemently attacked by the imperialist and neoliberal forces on later years, which in turn is believed to have a far reaching impact on economic policy of new developing states. This paper, however, will try to see the correlations of self reliance on one hand and the diaspora tax that has been denounced as illicit income generated for ill purpose by the UNSC resolutions on the other hand.

The notion of inward looking policy of the government of Eritrea as it is postulated, by and large gives priority to accumulation of funds from the Diasporas, revive industrial program, boost agricultural productivity and develop mutually beneficial relations with other nations. Araia Tsegai (1991), argued that Eritrea has no intentions of "going it alone", merely based on self reliance, nevertheless the post cold war era, and the ushering of globalizations made it in escapable to act consciously and be guided by the international norms of interdependence which is not yet positioned to favor small size states. Eritrea however, is not an exceptions needed mutual partners and investors to build a healthy economy and prosperous nation. Nevertheless, due to uncomfortable or unease experiences with the external donors and partly due to successful legacy of self reliance of EPLF during the struggle, the government of Eritrea in post independence opted for self reliance to be part and parcel of its economic elevations guideline.

Thus, the motive of engaging the diaspora politically and economically goes hand in hand with the developmental endeavors and reconstruction and nation building venture following independence. It is in line of this goal of revitalizing Eritrea's economy that the two percent diaspora tax was introduced. With the

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<sup>10</sup> de haas 2005

<sup>11</sup> Tewolde, B. (2005), "Remittances as a tool for development and reconstruction in Eritrea: An economic analysis", *Journal of Middle Eastern Geopolitics*, pp 21-32

<sup>12</sup> Mihreteab Fessehaye interview @ Shabait.com, 20 June, 2015.

peak of excitement or euphoric of independence, apparently all Diasporas with the exception of few has welcomed the tax with the spirit of reconstructing the nation and largely perceived as a just venture<sup>13</sup>.

However, Kibreab Gaim a renowned scholar on his part questioned the legality and pinpoint / underlined the shift of practice involved in collecting the tax from voluntary to mandatory. He further pointed out; the systemic subjugation of the Eritrean diasporas in fulfilling their obligations of paying tax without which no services is rendered back home. Failing to pay tax leads to denial or obstruction of basic consular services, such as renewal of passport, obtaining new passport or Eritrean ID, documentations related to marriage and birth<sup>14</sup>. Furthermore noted that, a Diaspora is not entitled to purchase land or make legal transfer of property without clearance issued from the embassy to that effect.

On the other hand, the government of Eritrea deem the adoption of levying tax is equally symbolic and tuned to preserve the national unity, spirit of hardworking and ethics of cooperation that deeply embedded in the history and values of the Eritrean society. The love and loyalty the diaspora have for their ancestral land is peerless. Few concerned Eritreans argued that United Nations Security Council resolutions were by and large against this ethos and in particular intended to disassociate the Diasporas from homeland and by doing so undermine their contributions.

Cohen (1997) noted that Diasporas deep sense of nationalism is manifested in various forms of engagements or fulfilling certain obligations and by large constitute loyalty, patriotism and sense of pride. While virtually all Diasporas hold citizenship of the host country, nevertheless remain deeply connected with their country of origin. Thus, such self entitlement of citizenship is tested against the allegiance of paying tax among other things they render to their emotional country. The sense of belonging and duty to the homeland felt by the Diaspora is also enhanced by the state recognition and attractive policies at a time towards its citizens living abroad. For instance, allowing dual citizenship, courting Diasporas, organizing cultural events and seminars are few among others. Thus, the two percent tax in most cases becomes essentially an obligation to comply with and rectify their collective conscience that they care to see sustainable development and a prosperous nation. Beyond sending hard currency, the tax also deemed as a means of identifying pro or against the spirit and it served as a means to control dissident or spy on the proponent of the anti two percent tax<sup>15</sup>.

#### • Practices

The practices of collecting donations, support and most importantly remittances in various forms to large extent are associated to the revolutionary eras. Throughout history people out migrate for various purpose, some looking for economic benefit while others for safety, peace, and better life at large. However, Eritrean diaspora largely fall under the category of victim Diaspora due to the protracted struggle for independence and the second war that triggered because of border contestation. Since early sixties Eritrean diaspora stood firmly behind the just cause of independence and invariably were highly influenced by the political strife and subsequent civil war till late and early eighties.

Despite the fact that the Diasporas were divided to lesser extent against which front they support during the liberation struggle, the EPLF comparatively was well structured and enjoyed a broad mass support that enabled the organization to generate huge support from the diasporas financially. EPLF maneuvering and outstanding organizational skills of the time paid off enormous benefits. During those years of struggle most Eritrean workers abroad and particularly in Europe and US contributed between 10- 20 % of their annual income voluntarily<sup>16</sup>. Furthermore the contributions were not only confined to workers and women

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<sup>13</sup> Many believed the tax as a token paid to the government and deemed as little contributions on their part compared to the local citizens obligations, endurance and sacrifice they made inside the country and conversely many others wanted to see an improvements, representations and their voices heard instead.

<sup>14</sup> Gaim Kibreab 2009.

<sup>15</sup> Interview with *Kibrom Dafla* accessible @ assenna.com, Bernal, 2006 & Kibreab 2009.

<sup>16</sup> Iavasile 2012

organizations but also students were vital as they equally contributed 10 percent of their loans, grants or scholarships (Ibid). Surprisingly enough, student goes as far as giving one or two month of their summer salary to the Eritrean cause as it is evidently well documented in Sweden in particular. Parallel activities such as festival of Bologna was organized and conducted by the EPLF (which is a ruling organization in today's Eritrea) that served as platform of enhancing national unity and collecting donations for the struggle.

Thus, it is believed that by early 1990s alone Eritrea received an estimate of \$ 400 million of remittance<sup>17</sup>. After Eritrea's independence, the Eritrean diaspora contributed enormously to the reconstruction of their homeland through sending money to family members, friends and most importantly through remittances sent to the Eritrean government. Apart from the usual norm of sending gifts, clothing's among many others yet the two percent diaspora tax that is remitted to the government is believed to have far greater impact on the social and economic life of the country. Seemingly, it is difficult to come up with an accurate income generated annually as its kept secret or not accessible neither to researcher nor to the common. Yet, the contribution of the Diasporas by all standards and beyond doubt is positive.

Government systemic invocation of the imperative of state survival, and partly due to the betrayals of the international community to the interest of the Eritrean people gave leverage to the government to solicit support in the form of tax without question at least until the government was accused of human rights violations.

It is of no doubt that the diasporas or migrant contribution to Eritrea is crucial not only in sustenance of the state to remain economically viable but also in accomplishing a national projects such as constructing hospitals, schools, infrastructures and public service rendering sectors at large<sup>18</sup>.

Remittances that flow to Eritrea, however in most cases are donated in different forms under various causes of either assisting the orphan, martyrs family and to Eritrean defense forces, which in turn is believed to have had made huge differences in terms of boosting morale and alleviating social burden the government encounters. The two percent tax was therefore essentially meant to meet the aforementioned challenges, however assumes different meaning and methods of implementations as opposed to the universal flow of remittances which is practiced worldwide. Nor is it of a very exhaustive approach to term the two percent tax as an "extraterritorial taxation" as such as it is levied by USA for that matter in face value (on the basis of progressive income taxes). National legislations differ considerably with regard to the definition of domestic source income, which raises questions of extraterritoriality in their own right. Even though there is less consistency in the practice of state with regard to foreign income taxations which is inherently extra territorial in nature. However, extraterritorial taxation in general is exacerbated partly due to the absence of universal conventional laws that govern or demarcate between domestic source income and foreign income. The case of Eritrea, however exhibit different scenarios. The Diasporas tax enacted in 1994, primarily aimed at 2% income tax of any able working citizen living a broad but not specifically regulates or targeted Eritreans owned corporate or firms/ diaspora based ventures. The tax excludes students and Diasporas who are dependent on social welfare.

Fessahasion 2005, estimated the amount of money generated from diaspora in the form of tax and others but remitted to Eritrea in a span of ten years (1993-2002)- close to \$ 226 million per year and was projected to increase as many Eritreans out migrated in the years following Eritrea- Ethiopian border disputes. Compared to the official development assistance, Eritrea receives remittances that constitute two third of Eritrea's gross domestic product only in the years of 1995 to 2002<sup>19</sup>. Furthermore, Fessehatzion noted that 34.4 % of Eritrea GDP comes from remittance while 26.5 % comes from ODA. This clearly shows that Eritrea heavily or largely depends on remittance than any other African states compared. World fact book (2005), disclosed the imbalances of trade transaction in 2004 in which the Eritrea's export was \$ 64.4 million and imports was 622 millions. Hence, the gap as *Tesema* noted was balanced or filled by the

<sup>17</sup> <http://country.eiu.com/Eritrea/ArticleList/Updates>

<sup>18</sup> Tesema 2010.

<sup>19</sup> Ibid

remittances generated from the Diasporas. Gaim (2007) noted an increase of diaspora tax in average of 5.9 per annum. Until the year 2013 there was a stark difference where the export was 496.2 million as opposed to 1.027 billion imports. These clearly show the gap and are believed to have been compensated from other sources including the Diasporas income tax that constitute the backbone of the governments. According to the United Nation Security Council report released in 2014, that Eritrean Diasporas levied tax estimated \$ 73 million per year which is deemed ironically an asset used to destabilize the horn regions. This report was instantly negated by the Eritrean government and infer it as a politically motivated report meant to rope Eritrean right to survival and by large to shatter the basic foundations of diasporas resilience and support to country of origin<sup>20</sup>.

#### • Contributions

According to World Bank release of 2015 that remittance flow worldwide is estimated to exceed \$ 601 billion out of which \$441 billion is received by developing countries. The true size of remittance that flowed unrecorded or through improper channel is relatively high than the assumed one. In this regard as Berhane (2005) noted that 66.7 % of the overall remittances to Eritrea were transferred informally. From the year 2003-2007, the share of remittances Eritrea received estimated 1.37 billion and projected to increase while there was a sharp decline in FDI and ODA from \$ 20 million to 3 million and from 230 million to 155 million respectively. From the year 2007 to 2015 Eritrea fall under the category of rogue state, sanctioned by UNSC and invariably was denied of any official development assistance until EU (recently) approved of \$ 200 million for energy sector and good governance<sup>21</sup>. Hence, as the figure shows, regardless of the decrease of FDI and ODA in the past decade for reasons related to human rights and good governance, the government of Eritrea continued to rely on diaspora injections without which its very survival would have been placed in questions. Thus, there is a clear indication on how much the two percent Diasporas tax levied by the government and received in the form of remittance were of significance in fulfilling certain national developmental projects. Virtually all the commendable project undertaken in post independence Eritrea attributed to remittances injected in the form of tax, donations and others.

#### INTERNATIONAL REACTIONS TO DIASPORAS TAX AND IMPLICATIONS

In this part, the regional and international positions or the host country reactions to the diaspora tax in particular will be dealt and in turn endeavor to see how far that restrains affect the receiving country. The imposition of sanctions of UNSC resolution of 2023, specifically targeting the Diasporas tax however seems a scheme that needs to be studied thoroughly. Despite the fact that sanction is beyond the scope of this paper nevertheless it is hard to postulate the positions of international community, regional actors toward Eritrea's behavior and stance which is by and large perceived as moving "against the current" least to say by the acclaimed liberal democrat states.

United Nation Security Council Resolution of 1907 and subsequent resolution of 2023 were imposed in 2007 and 2011 respectively under the pretext of Eritrea supporting *al Shabab* and not settling or withdrawing its troops from Djibouti border or Eritrea's mere act of destabilizing the region, while on the other hand Eritrea completely negates the accusations as another ploy of USA hostile positions towards Eritrea. Sanction seems an episode that resulted of certain incidents but has its roots on the attitudes and interest of the big powers towards Eritrea partly due to uncompromising and deep held principle of not allowing the west exploit, and dictate its satellite as it wish in the region<sup>22</sup>. Hence, the resolutions as narrated in *Hadas Eritrea* and quoted in Jennifer, vividly reflect the government positions

<sup>20</sup> Ambassador T. Gerahtu speech on 29<sup>th</sup> sessions of human rights, 23 June 2015, Geneva. & over the years the state media's editorial report has reinforced the allegations over and again.

<sup>21</sup> <http://diplomat.so/2015/12/11/eu-announced-e200-million-of-new-long-term-support-for-poverty-eradication-in-eritrea/>

<sup>22</sup> Girmai Berhe(Chicago), *Maaqeb bebedelti mewaalu nekebdel zexenhe hizbi*, 03/12/2015, accessed at Meskerem.net

*“when all historic traditional and none traditional enemies tried aggressions but failed and tried political and economic ploy and everything at their disposal to disband us and break our unity but again failed and the impositions of sanctions nonetheless is no less than a design that has been conceived by a defeatist mind”<sup>23</sup>.*

However, this sense of feeling suggest and gave the impression that Eritrea was and still is under a constant security threat which is aggravated by the positions of the west in general and USA in particular. Being obsessed with history, over and again the Eritreans (not all of them of course) retrieve the betrayal of international community as is euphemistically manifested in ambassador *Gerahtu’s* statement that his country did not want to see second betrayals<sup>24</sup> and urged not to repeat the same mistake under the pretext of human rights violations and bad governance for it produced nothing than destructions and chaos as it is true in Iraq, Libya and somewhere else.

On the other hand, Eritrea’s government stiff control, stubbornness and restrictive economic policy and increasingly becoming authoritarian breeds dismay among Eritreans inside the country and the Diasporas alike. In connections, Nicole Hirt (2013) argued that the imposition of sanctions in a way brought a divisions among the Diasporas in particular, as some tried to utilize it to their ends.

Diaspora based opposition perceived sanctions and above all the denouncement of two percent tax as a means to coerce the government so as to introduce reforms or change the regime in a long run<sup>25</sup>. By the same token the pro-government diasporas sees the tax as just and equally their rights to pay<sup>26</sup>. Thus, it is believed that the two percent tax has been under constant attack not merely to rectify Eritrea’s governments human rights violations, but, due to the regimes steadfastness to pursue its objective much without external aid and the blessing of the west as it is a norm for several former colonial state in Africa including Ethiopia an ally of USA.

Thus, the resolution of 2023 in part, systematically aimed at attacking the source of strength of the government as manifested in its essence of censoring or endeavoring to check the mining revenues, to end the Diasporas tax and extortion as illicit income generated from the Diasporas<sup>27</sup>. The Eritrean government views the act an extension of the old strategies in new forms meant to shatter the very foundations of the Eritrean unity and drain its economy<sup>28</sup>. Ambassador Gerahtu of Eritrea to the UK, on his speech responding to commission of inquiry oh human rights, on 29<sup>th</sup> sessions in Geneva, pointed out that the entire episode of sanction was conceived from the outset to serve as a substitute or back up options to the UNSC in order to continuously harass Eritrea for ulterior political motives<sup>29</sup>. He further underlined the huge economic and developmental costs inflicted upon young and small nations of Eritrea due to the consistent harassment and hostile positions<sup>30</sup>.

As much as Eritrea is feared as a destabilizing force, nevertheless the root of the issue and the interconnected concerns in the region seems overlooked. Eritrea- Ethiopia border issues remains unresolved

<sup>23</sup> Haddas Eritrea, February 6, 2010

<sup>24</sup> Ambassador T. Gerahtu speech on 29<sup>th</sup> sessions of human rights, 23 June, 2015, Geneva

<sup>25</sup> Nicole Hirt 2013 & Nuguse Goitom, Role and dilemma of Eritrean Diasporas in the process of Eritrea political reforms during the twenty first century, NA, January 12, 2015.

<sup>26</sup> Before the allegation of COI towards Eritrea government human rights abuses, many raised banners and hailed the tax as their rights and just cause in a number of demonstration across Europe

<sup>27</sup> SEMG, UNSC resolution ,S/RES/2023/2011

<sup>28</sup> Haadas Eritrea, editorial,2007

<sup>29</sup> Ambassador T. Gerahtu speech on 29<sup>th</sup> sessions of human rights, 23 June, 2015, Geneva

<sup>30</sup> Ibid



that needs proper heed from the international community which seemingly in turn leads conflicting party to embrace opponents to check the power of one another at the expense of peace, development and opportunity of the regions. On a report released by the Somalia and Eritrea monitoring group has reaffirmed the fact that Eritrea sponsored and trained an opposition rebels against the Ethiopian government and so did Ethiopia.

Not surprisingly though, certain country objected the diasporas two percent tax under the same pretext of human rights and sees taxation as illegal act and un acceptable practices. Some host country went as far as expelling or threatening consular and staff of the embassy as it is true in Canada, Sweden and Holland lately<sup>31</sup>. Foreign minister of Canada strongly condemns the practice of tax collection under the pretext of its illegality and essentially is in violations to the resolution 2023 of UNSC. The act of Canada amounted to the expulsion of general consular back in 2014 and threatening further to close the embassy<sup>32</sup>. In a similar move, UK and Sweden vehemently opposed to the practices as illegal and threatened to take similar severe measures.

Considering the fact that Eritrea is among the most repressive state, with no good record of human rights since 2001, the international community has been hostile to the behavior of the new state Eritrea that wrought confrontation and condemnations at a time. On the other hand the Eritrean government is forced to opt for different strategy of levying tax. This means the Diasporas are made to pay or fulfill their obligation whenever they visited home for vacation purpose.

John a director of treasurer in the ministry of finance<sup>33</sup> noted, that the Diasporas tax levied does not constitute the only income of state revenue and its contribution is comparatively less to the developmental projects and social burdens that the government encounter. Nevertheless, he conceded that it certainly made a huge difference in boosting morale and confidence to take venture all alone against the drawback of the aforementioned sanctions and lack of substantial official development aid.

## CONCLUSION

The two percent diaspora taxes levied by the government of Eritrea constitute part and parcel of the economic derive pursued in post independence. The tax though initially was adopted and practiced voluntarily, on due times became an obligation to comply with particularly following the Ethio-Eritrean border disputes. The motive behind the tax was multifaceted. Beyond the economic benefits and its contributions to development and alleviating the social welfare the country shoulders, it equally meant to preserve the historical and ideological ethos cultivated during the revolutionary times. The Eritrean Diasporas tax was and is still deemed seminal in boosting moral and enhancing developmental project undertaken by the government against the drawback of sanctions and limited external developmental aids. Despite the fact that the UNSC resolutions targeted the tax as illegal, but of a similar taxation is levied by other state, seemingly, far bigger economically and militarily and whose existential is no longer under threat as much as Eritrea<sup>34</sup>.

To sum it up that it is of no wonder that the Eritrean Diaspora tax essentially contributed much to the survival of the state, developments and most importantly engaged the diasporas at large with the home country irrespective of the setback and conflicting views regarding the tax as discussed above. Furthermore, and invariably it reminds the tax payers of the popular saying of “no taxation without representations”, an idea that remains so much relevant even today.

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