

Federal Democratic Republic of Ethiopia
The Ministry of Foreign Affairs



A Week in the Horn



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Minister of Foreign Affairs

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News in Brief



The European Union's Special Representative for Sudan, Rosalind Marsden, met Foreign Minister Dr. Tedros on Wednesday and praised Ethiopia's efforts towards delivering on a lasting peace deal between Sudan and South Sudan.

Export revenues fell 2% in 2012-2013, down from US\$3.15 billion to \$3.08 billion. The Ministry of Trade said the value of coffee exports fell to US \$746.4 million (from US\$832.9 million) while the export quantity increased 18%. Gold exports also fell while other minerals, excluding tantalum, jumped 48 percent. Sales of Khat, pulses and leather goods all increased.

A business delegation from China's Foshan City visited Ethiopia. The delegation held discussions with Ethiopian businesses, government officials and officials from the Ethiopian Chamber of Commerce and Sectoral Association. (See article)

The Ministry of Trade, the Ministry of Foreign Affairs, the US Embassy and the African Union Trade and Industry Commission announced (Monday, July 29) that preparations had been finalized for the 2013 African Growth and Opportunity Act (AGOA) Forum being held August 9-10. The theme of the Forum is "Sustainable Transformation through Trade and Technology." (See article)

An international institute for the training of peace-keepers is to be established in Ethiopia by the Government and the United Nations Development Program. It will be a facility for peace-keeping organizations within and around East Africa. The Government of Japan is set to provide funding.

Members of Ethiopian communities living in the Middle East have formed a union (July 29) to fight against abuse and suffering of Ethiopian migrant workers. Representatives of Ethiopian communities in Jeddah, Riyadh, Bahrain, Dubai, Yemen, Lebanon and Qatar agreed to defend the rights of Ethiopian migrant workers and fight against illegal traffickers.

The fourth Industry Policy Dialogue (July 30) on Foreign Direct Investment noted that Ethiopia's FDI, running at US \$300,000 a year three years ago, has now risen to US\$1,000,000. Ethiopia was now second to South Africa for the amount of FDI in Africa.

The Alliance for Commodity Trade in Eastern and Southern Africa (ACTESA), held its third Regional Stakeholder Farmers Meeting in collaboration with the Ministry of Agriculture this week.

Fifty Turkish textile and garment companies are finalizing preparations to relocate factories to Ethiopia following a proposal submitted to the Ministry of Industry. Ayka Addis Textile and Investment Group, a Turkish company that made the same move three years ago, is supporting their move to Ethiopia.



The African Union Peace and Security Council (PSC) Ministerial meeting on Monday (July 29) extended the mandate of the African Union High Level Implementation Panel (AUHIP) on Sudan and South Sudan, until January 2014. (See article)

The High Level Panel for Egypt appointed by the African Union Commission to assess the change of government in Egypt went to Cairo on Saturday (July 27). It is chaired by former President Alpha Omar Konare of Mali, and includes former President Festus Mogae of Botswana and former Djibouti Prime Minister Dileita Mohamed Dileita.



The UN Monitoring Group on Somalia and Eritrea finally released the Eritrean section of its annual report on the implementation of sanctions last weekend. It provides a comprehensive indictment of Eritrean regional policy and its efforts to destabilize Somalia. (See article)

Ethiopia's Foreign Affairs Spokesperson, Ambassador Dina Mufti, said (July 29) that Eritrea continued to undermine peace efforts in Somalia, violating UN Security Council resolutions. He called for tightened sanctions to put a stop to "Eritrea's negative role throughout the region."

The Director of UN Office of the Coordination of Humanitarian Affairs (OCHA), John Ging, paid a two day visit to Eritrea and expressed concerns over the impact of delayed rains on food insecurity in Eritrea. He said UN agencies were working with the Government of Eritrea to help the Eritrean people.

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News in Brief



The Sixth Extraordinary Summit of the International Conference on the Great Lakes Region was held in Nairobi this week, ending July 31. President Kenyatta called African leaders to address the root causes of conflict and instability and work together.

Kenyan media associations have strongly criticized proposed changes to the Media Council Bill cutting numbers of the Media Council, giving the Government Information Secretary power to appoint the panel to choose council members who in turn will have the power to fine journalists and media organizations.

The head of a Kenyan Business delegation and CEO of Kenyan Manufacturers Association, Betty Maina, told Dr. Tedros Adhanom, Ethiopia's Minister of Foreign Affairs in Addis Ababa that implementation of a Special Status Agreement with Ethiopia offered the opportunity to increase the flow of Kenyan investment in Ethiopia.



The government signed a deal with The Atlantic Marine and Offshore Group (a Dutch company) to organize and run a coast guard to protect ships off the Somali coast and deal with smuggling and other illegal activities.

Al-Shabaab released two of the three Kenyan officials they seized from a Kenyan border post along the border with Somalia 18 months ago following negotiations headed by elders from border communities in Kenya's North Eastern Province.

A car bomb exploded outside the residential compound of the Turkish embassy in Mogadishu on Saturday (July 27), killing a Turkish policeman, two other security personnel and a local civilian. All the terrorists involved were killed.

The presidents of troop contributing countries to AMISOM (Uganda, Burundi, Kenya, Sierra Leone, Djibouti and Somalia) are meeting in Kampala this weekend for discuss offensive operations against Al-Shabaab.



The Joint Security Committee of Sudan and South Sudan met in Juba (July 30-31), and agreed to stop all support for each other's rebel groups immediately and form a joint team to investigate any breaches of agreements, withdraw troops from disputed border areas, activate border monitoring mechanisms and cooperate fully with the AU Ad Hoc Investigative Mechanism and the AU Border Program's determination of the centerline for the Safe Demilitarized Border Zone.

President Salva Kiir appointed a new cabinet on Wednesday (July 31) naming 18 cabinet ministers and 10 deputy ministers. The previous government had 58 ministers and deputy ministers. No Vice-President has been yet been appointed. (See article)



The UN Security Council on Tuesday (July 30) renewed the mandate of the joint African Union-United Nations Mission in Darfur (UNAMID) for a further 13 months, until August 31, 2014. It called on all parties to work for a comprehensive peace settlement on the basis of the Doha Document for Peace in Darfur.

Sudan's Vice President Al Haj Adam said the country is committed to the cooperation agreements with South Sudan and it was working to remove all obstacles hindering their implementation.

Sudan Foreign minister Ali Karti reiterated Sudan's demand to implement all the cooperation agreements between the two countries as one package without any selectivity. Karti was speaking to the African Union Peace and Security Council (PSC) at its meeting on Monday. (See article)



AU Peace and Security Council meeting and AUHIP report on Sudan and South Sudan

A ministerial meeting of the African Union Peace and Security Council (July 29) extended the mandate of the High Level Implementation Panel (AUHIP), responsible for mediation between Sudan and South Sudan by a further six months. The AUHIP is chaired by former South African President, Thabo Mbeki, who in a “final” report briefed the Council about the Panel’s progress in its efforts to mediate the outstanding issues between Sudan and South Sudan from its inception in October 2009.

His report noted that the AUHIP had facilitated a series of negotiations on the outstanding matters from the Comprehensive Peace Agreement and on post-secession relations. These culminated in Addis Ababa in September last year when the two sides signed "a Cooperation Agreement and Agreements on eight other issues", on 27 September. These covered security arrangements, oil and transitional financial arrangements, the status of nationals of one country resident in the other, post-service benefits, trade, banking, border issues and various other economic matters. These agreements left two key issues unresolved: disputed and claimed border areas and the issue of Abyei. The report also pointed out that the two parties also had differences "on a number of practical points relating to the implementation of the Security Agreement in particular". These included differences on “the modalities for the redeployment out of the Safe Demilitarized Border Zone (SDBZ) in the “Mile 14 Area,” and on the issue of allegations of continued support by South Sudan for the SPLM/A-North".

The AUHIP therefore convened two Summit meetings between the Presidents of South Sudan and Sudan in Addis Ababa in January this year to address outstanding issues and the differences hampering implementation of the Cooperation Agreements. It appreciated the support it had from Ethiopia's Prime Minister Hailemariam, the Chair of IGAD. Subsequently, at an extraordinary meeting of the Joint Political and Security Mechanism, AUHIP mediated the conclusion of an Implementation Matrix for the September Agreements.



This highlighted the steps to be taken by both sides with D-Day for the implementation of all the agreements as March 10. It was after this that the oil pipelines, closed the previous year, were reopened on the instructions of the Government of Sudan. South Sudan ordered the oil companies to restart oil production.

However, the report noted, it was at this point that the Government of Sudan renewed its allegations that the Government of South Sudan was violating the commitment that it would not support or harbour Sudanese rebel forces. The Government of South Sudan made counter-allegations that the Government of Sudan was supporting rebel forces inside South Sudan, including the insurgents led by David Yau Yau in Jonglei State. President Bashir then announced that the pipelines transporting South Sudanese oil to Port Sudan would be shut down again within 60 days of June 8. The Chairman of AHUIP then wrote to the two Presidents, proposing that the AU Commission, working with the Chair of IGAD, should set up an Ad Hoc Investigation Mechanism (AIM) to ascertain the veracity of such allegations. The two Presidents accepted this proposal, and the AIM was set up on July 25, at the same time as another AU mechanism - the AU Border Program Technical Team's determination of the centerline for the Safe Demilitarized Border Zone between Sudan and South Sudan.

On Friday last week (July 26), Ethiopia's Foreign Minister Dr. Tedros Adhanom, Chair of IGAD's Council of Ministers and Chair of the AUHIP, Thabo Mbeki, travelled to Khartoum to meet President Omar Al-Bashir. AUHIP and IGAD suggested the Ad Hoc Investigative Mechanism needed more time to complete its investigations of the claims made by Sudan and South Sudan that both had been supporting the rebels of each other. The Government of Sudan agreed to postpone for at least two weeks its deadline for closing the oil pipelines.

Some further progress was apparently made on the issue of these allegations later in this week at the second meeting of the Joint Security Committee in Juba (July 30-31) held amid reports that both sides were serious in their desire to settle this issue.



According to the official Sudan news agency (SUNA) the meeting agreed to cease immediately any support to or harboring of rebel groups from both sides, and prevent rebels or support for them crossing their borders. They further agreed to prevent the issuance of travel documents to members of rebel groups and not to harbor elements that threaten either side's security. In addition, the two sides decided to set up a joint team to investigate any breaches of agreements signed between the two countries and approved procedures and terms of reference for this. In addition, with reference to the disputes over the centreline of the demilitarized zone, the two sides agreed to withdraw their troops from the disputed border areas and redeploy their forces in line with the map proposed by the AUHIP. They also agreed to activate the related mechanisms including the border monitoring mechanism and a committee on the "Mile 14 area", and to cooperate fully with the two committees established last month by the AU. The Joint Security Committee is due to convene its third meeting in Khartoum on August 15.

During its meeting in addition to the report of AUHIP's Chairman, the Council also heard from Ethiopia in its capacity of Chair of IGAD, as well as the views of the UN Secretariat, of Rwanda and Togo, the AU Member States in the UN Security Council, and of partners. On behalf of Ethiopia as the chair of IGAD, State Minister for Foreign Affairs, Ambassador Berhane Gebre-Christos emphasized that the current impasse in implementing the Addis Ababa Agreements and the accusations and counter-accusations over support for each other's rebels, was a situation that threatened to undermine the tremendous progress achieved in the peace process and the normalization of relations between Sudan and South Sudan. He welcomed the acceptance by both countries of the proposal for the establishment of the Ad-hoc Investigation Mechanism as a positive step towards restoring peace and stability. Commending the efforts of AUHIP, he said IGAD fully endorsed the proposal to extend the mandate of AUHIP. He also reiterated IGAD's firm commitment to continue its efforts together with the AUHIP to assist the Sudan and South Sudan to resolve their differences and normalize relations.



In its communiqué, the Peace and Security Council commended AUHIP and its continued efforts to assist the two parties to establish two viable states and expressed its appreciation to the Chair of IGAD for IGAD's continued support to AUHIP. It welcomed and strongly endorsed the establishment of the Ad Hoc Investigative Mechanism and of the AU Border Programme Technical Team to determine conclusively the SDBZ centerline on the ground. It urged the Governments of Sudan and South Sudan to extend all necessary support to these mechanisms. The Council accepted all the recommendations of the AUHIP report, calling on both sides to respect all aspects of the Implementation Matrix and suspend any action to halt the transportation of oil from South Sudan until such time as the AU mechanisms have completed their work. It reiterated its firm conviction that there could be no military solution to the conflict in the Two Areas (of Southern Kordofan and Blue Nile) in Sudan. It called on the parties to engage themselves in direct negotiations toward a political settlement. It expressed its grave concern over delays in implementing the Agreement on the Temporary Administrative and Security Arrangements for the Abyei Area signed June 20, 2011. It strongly urged the two Governments to meet immediately to resolve any outstanding differences and to establish the Abyei Referendum Commission. It agreed to visit Abyei to express support for UNISFA and the people of the region. The Council also expressed its concern over humanitarian crises in both Sudan and South Sudan, and called upon both governments to facilitate humanitarian access to affected populations.

After the meeting, the current chair of the Peace and Security Council, Cameroon's Minister of External Relations, Pierre Moukoko Mbonjo, underlined that the Council was encouraging both Heads of State to meet as soon as possible in order to find a lasting solution to find a way out of the impasse that seems to prevail especially on the issues of blocking of oil pipelines and of the issue of Abyei and the preparation of the referendum there. "We are really, really, urging the two Heads of State to accept once again to meet to find a solution."



South Sudan's new government

On Wednesday (July 31) South Sudan President Salva Kiir issued a decree appointing 18 cabinet ministers and 10 deputies, a week after he had dissolved the previous government. For the moment he has left open the position of Vice-President and Minister for the Presidency. The new cabinet includes a number of new faces including Kuol Manyang Juuk, a former rebel commander and governor of Jonglei State, as Minister for Defense and Veteran Affairs; Obuto Mamur Mete to the Office of the President for National Security Service; Telar Ring Deng as Minister of Justice; Aggrey Tisa Sabuni as Minister of Finance, Commerce and Economic Planning; and Aleu Ayeny Aleu as Minister of Interior and Wildlife Conservation. Some ministers were reappointed including Stephen Dhiew Dau as Minister of Petroleum, Mining and Environment; Michael Makuei as Minister of Information, Broadcasting and Telecommunication and Postal Services; and Jemma Nunu Kumba as Minister for Land, Housing and Physical Planning. Barnaba Marial Benjamin, former Information Minister was appointed Minister of Foreign Affairs and International Cooperation a few days earlier.

In a statement the President said he had chosen this occasion to restructure the government and lay the groundwork for a lean and stronger cabinet. The downsizing, from a previous cabinet of 58 ministers and deputy ministers, would, he said, “create allow synergies, allow budgets to flow to high priority development projects and also allow for better management by dedicated civil servants.” The new Minister of Defense, Kuol Manyang Juuk, a senior member of the ruling SPLM, explained subsequently that the changes were the response of the President to calls by the people for change. “People have been talking a lot and even reached to extent that they were saying the President does not listen to advice from the people. This is now the response. He was studying all these calls and now he has responded as the president.”

On Tuesday this week, (July 30), President Kiir, in his first public statement since the dismissal of the government and Vice-President a week earlier, accused his former deputy, Riek Machar, of disrespect and insubordination.



He said he made the decision to remove the Vice-President and suspend the Secretary General of the SPLM in response to calls from the people of South Sudan. He said Machar and Amum had publicly discredited the achievements of his administration in the media, rather than addressing their grievances through the correct channels and structures. The President said “I removed the former vice-president because he decided to go astray; he used the public media to discredit the government in which he was a party before the international community.” This, he said, was an act of disrespect and showed the intention to hurt the image of the country. He said internal discussions on the state of affairs were an administrative issue and should be dealt with privately by the leadership not in public. He added: “Let me tell you something, SPLM is not about one person. It is bigger than all of us. We have a lot of people. SPLM is all of us and it is going to clean itself and those who will not be found fit in the SPLM formula should leave on their own or SPLM will throw them out.”

There has been considerable support for the idea of a more streamlined government. The previous government had 58 members; the new government is limited to 28 members, and this has been widely welcomed. The changes have also been seen as an attempt to improve the capacity of the ruling Sudan People's Liberation Movement. Other reasons for the political changes apparently include corruption and mismanagement. Last year, President Kiir wrote to South Sudanese officials asking for the return of stolen funds estimated to have cost the country \$4 billion since 2005. In June this year he announced the suspension of the Minister of Cabinet Affairs, Deng Alor and of the Minister of Finance, Kosti Manibe, over corruption allegations. Tribunals are to be set up to investigate these allegations and the activities of Pagun Amum.



Prime Minister Hailemariam receives a message from Egypt's Interim President

Prime Minister Hailemariam received and held talks with a Special Envoy of Adli Mansour, Interim President of Egypt on Tuesday last week (July 23). The Special Envoy, Ambassador Mona Omar, delivered a message from Mr. Mansour and briefed him on issues related to current political developments in Egypt. She explained to the Prime Minister, Chairperson of the African Union, that Egypt was worried about the sanctions imposed by the African Union Peace and Security Council on July 5, and asked for Ethiopia's help to expedite the process of lifting it.

Ambassador Mona told Prime Minister Hailemariam that the Egyptian authorities had requested the Peace and Security Council to dispatch a team of eminent persons (now in Cairo) to see the situation on the ground for itself before reaching any decisions. She said the Council has not been fully aware of what was happening in Egypt when it passed this "hasty decision". The truth was, she explained, that millions of Egyptians had requested the government of former President Mohamed Morsi to respond to their demands but their voices were not heard. This situation had raised the anger of people and the country had been on the brink of a situation that threatened to lead to the collapse of the state. She explained that during the previous year while inflation grew by 10%, the tourism industry had plunged, unemployment had increased tremendously, and there had been crises over fuel, electricity and food supplies. She asked what the world expected Egyptians to have done with all these growing problems. Ambassador Mona said more than ten million people, a number larger than those who had voted for President Morsi, had signed a petition for change. Unfortunately, their calls were ignored by the government.

It was then that action was taken to avert disaster. All stakeholders, including leaders of political parties, both Christian and Islamic leaders, and representatives of different sections of the society, asked the Egyptian Army to take action to protect the nation and the people, which it did on July 3. Ambassador Mona said this was not in any sense a military coup or even a forceful takeover. It was a continuation of the February 2011 popular revolution.



She emphasized that a roadmap for an elected government had already been drawn up, and in the absence of a Speaker of the Parliament, the President of the Constitutional Court of the country had been named Interim President. He had already appointed a committee of ten to come up with proposals for formulating a body that will have two months to produce the final draft of a new constitution.

Ambassador Mona added the process of the transition had brought hope and joy to the majority of Egyptians, and the government is working to ensure inclusivity. However, there were those who disliked the idea of a “smooth transition” and who were abusing their right to demonstrate by indulging in violence. They had even, she said, tried to turn the Sinai Peninsula into a terrorist battlefield. Ambassador Mona said it was against this background, and in respect of the justifiable and understandable cause of the Egyptian people, that Interim President Adli Mansour requested Prime Minister Hailemariam, in his capacity as Chairperson of the African Union, and leader of a partner country, to help to lift the sanction on Egypt as expeditiously as possible.

Prime Minister Hailemariam said he believed in the wisdom of the people of Egypt. He emphasized the importance of avoiding violence. The demands of the people needed to be taken seriously but as any transition of this kind is difficult, it was important to handle the situation calmly, cautiously and wisely. He expressed his belief in the importance of seeing events in context and exploring the options that are available to the people on the ground. The Prime Minister said his major worry and concern was how loss of life could be avoided. He repeated the importance of handling the crisis with the utmost care and wisdom. He hoped Egypt would come out of this crisis as fast as possible. Ethiopia, he said, wanted to see a stable Egypt more than anyone else. Instability in Egypt would have a much wider impact and would affect the entire region of eastern and north eastern Africa.

The Prime Minister told Ambassador Mona that Ethiopia was not a member of the Peace and Security Council, but he believed that once the situation was calm and the process of transferring power to an elected government was on track, there were precedents to lift the sanction imposed by the Council.



He said the sanction has been imposed institutionally and its removal must entail the same process. As Chair of the African Union and as a sisterly country, Ethiopia would certainly watch the situation in Egypt closely and work with the African Union Commission to help resolve the problem peacefully and urgently. Most importantly, it was only the Egyptian people who could bring stability and democracy to Egypt. He also underlined the role and importance of a wise leadership to refrain from fueling violence.

The Prime Minister assured the Special Envoy that Ethiopians will stand with Egyptians at this difficult time. Ethiopia urgently hoped clam would return soon and that bilateral relations could be refocused on development. He informed Ambassador Mona that he was planning to send a public diplomacy team to Egypt as soon as possible. People-to-people relationships, he said, must be the foundation of relations between Ethiopia and Egypt. He emphasized that governments might come and go but the people were always there. It was therefore necessary to create a proper atmosphere for the furtherance of expanding the already existing friendly relationships between the citizens of the two countries.

The Prime Minister confirmed that Ethiopia was always ready to continue with the previous close consultations between the two countries, and expects to do so at both political and technical levels. He requested the Special Envoy to forward his best wishes to the people and Government of Egypt in their endeavors to bring this testing time to an end and successfully start a new chapter in the history of their great nation.



The UN Monitoring Group's Report on Eritrea

The UN Monitoring Group on Somalia and Eritrea finally released its annual report on Eritrea for the year 2013 over last weekend. The report meticulously documents Eritrea's internal political dynamics and its destabilizing activities within the region as a whole and particularly in conjunction with its affiliation with Somali spoiler networks including Al Shabaab. It details Eritrean intelligence operations, violations of the arms embargo, its tax extortions from Eritreans in the Diaspora, the opaque dealings with the mining sector and the lack of transparency over its revenues and due diligence guidelines. Overall, the report of the Monitoring Group is comprehensive and devastating in its detail, providing conclusive evidence of Eritrea's continuing efforts at destabilization.

The Monitoring Group report indicates that the internal situation over the past year has been increasingly tense. It notes the defection of prominent officials, the continuing and massive exodus of Eritrean youth, widespread arbitrary detentions, the concealed usage of mining revenues and the failed mutiny led by Colonel Osman Saleh in January this year. Following the mutiny, the report goes on to analyze the "increasing frictions between President Isaias Afwerki and his core informal network of military and intelligence loyalists on the one hand, and a number of civilian and military officials on the other, particularly the military regional commanders and ministers who occupy more formal positions in the Government." It goes into considerable detail of the mutiny, on January 21, and the events at the "Forto" where the mutineers took temporary control of the national TV station and forced the presenter to read a communiqué demanding the release of political prisoners and the enforcement of the 1997 constitution. It also shows how the president's informal military intelligence, led by Brigadier General Hadish Efrem, was able to deal with the mutiny. At the same time, the report details a number of instances of signs of protest and even cases of senior military officers ignoring Presidential orders, which the report identifies as an indication of deteriorating relations and splits within the ruling elite.



The Monitoring Group report goes into significant detail of the Government of Eritrea's illicit conduct in Somalia, Kenya, Yemen and South Sudan through the work of its own intelligence network and in trying to influence Somali politics today through former members of the Alliance for the Re-Liberation of Somalia who was previously based in Asmara. ARS-Asmara was headed by Sheikh Hassan Dahir Aweys who fled to Asmara in 2006 after the fall of the Islamic Courts Union (ICU). The report said Eritrea, which has yet to recognize the present Federal Government of Somalia, is trying to resuscitate its relations with the Government mainly through Ahmed Abdi Hashi, "Hashara", formerly Ambassador of Somalia to the United Nations (2002 and 2004) and once a leader of the now defunct ARS-Asmara. This might appear to be a positive step, indicating that Eritrea was attempting to abandon its habits of destabilization; however, the report makes clear that this is not the case. Indeed, it believes the former trend is continuing. It says: "While such a policy may give the appearance of Eritrea supporting the Federal Government of Somalia, in reality Asmara appears to be engaging with Spoilers to reconstitute a clan-based alliance in Somalia that is hostile to Ethiopia and Kenya, thereby disrupting relations between the Federal Government and IGAD and undermining the efforts of the Federal Government to extend and exercise its legitimate authority."

Indeed, the report also affirms in no uncertain terms that Eritrea has continued to align itself with terrorist groups and is continuing to support Al-Shabaab and other spoiler networks. It identifies a particular network within the Ayr/Habir Gidir/Hawiye clan which it says is pushing for a military hegemony which existed before Ethiopia's intervention in 2006 and the demise of the ICU, and adds: "The Monitoring Group has obtained evidence of Eritrea's support for individuals within this network, in particular to agents and collaborators of Al Shabaab". Similarly, the report notes that Eritrea is implicated in acts of manipulative tactics of exploiting clan politics in southern Somalia. It details an Eritrean relationship with specific individuals known to have links with Al-Shabaab, and notes the efforts to use these people to get in touch with disgruntled Hawiye/Habir Gidir/Ayr politicians bent on causing problems to the Federal government in a bid to get more power and influence within the government.



The report provides details of meetings between Eritrean embassy officials in Nairobi and people who are attempting to cause problems for the Government in Lower Shebelle and Kismayo, people who have “pursued narrow, individual agendas that constitute a threat to peace and security and create a more hostile environment between the Federal Government of Somalia and IGAD.”

In relation to Eritrea’s intelligence activities in and around Somalia, the report noted that a key role is now being played by Eritrea’s Ambassador Mohammed Mantai in Sudan. Previously in Nairobi he was deported from Kenya following a visit to Somalia to meet members of Al-Shabaab and other armed groups. The Monitoring Group refers to “eyewitness testimony” of his involvement in cross border smuggling between Sudan and Eritrea and subsequent meetings in Khartoum between Ambassador Mantai and Al-Shabaab-linked Somali politicians. Earlier, Eritrea coordinated much of the financing of Somali armed groups and other illicit activity through its embassy in Nairobi. Following previous Monitoring Group reports, it has now shifted and diversified these activities to Sudan, South Sudan, Uganda and Yemen. The business and intelligence networks there “create important support structures for Asmara to execute any policy of regional destabilization, including support and assistance to Al-Shabaab representatives” (as documented). The Monitoring Group noted reports that both South Sudan and Ugandan security people have voiced concerns over the destabilizing effect of clandestine Eritrean intelligence works through business and intelligence network. Again it produces detailed and convincing evidence of Eritrean activity.

The Monitoring Group report also comes up with ample evidence of violations of the arms embargo imposed on Eritrea by Security Council resolution 1907. The report gives significant details how the government in Asmara is engaged in covert actions to import spare parts and military equipment usually through the Ministry of Agriculture. These then go to the Department for Governmental Garages in Asmara which is a Defense Forces-operated facility which “serves as a central workshop for the production, modification and repair of civilian and military and paramilitary equipment....The facility is the logistical heart of the Eritrean Defense Forces and is visited regularly by President Afwerki.”



With regard to the extortion of the infamous Diaspora tax, the Monitoring Group report says “the Group has obtained documentary evidence that the Government of Eritrea continues to raise finances for contributions to the Eritrean armed forces as part of its collection activities in the Diaspora”. It notes that although the Governments of Canada and Germany have confronted Eritrea’s consular representatives over this, it had found evidence that this activity was continuing in the UK, Italy and Sweden as well as countries with significant Diaspora populations including Australia, Denmark, Finland, France, Israel, Norway, Saudi Arabia, UAE and others. The report, however, noted with regret that it had not received reports from other member states in whose jurisdiction it had documented such tax collections.

The report includes details of human trafficking and of the smuggling of Eritreans through Sudan and Sinai and the problems they face at the hands of illegal traffickers rings which extort ransoms from the families of those being trafficked. It provides evidence of the involvement of Eritrean officials in these activities, naming some. The report details the mining activities and queries the lack of information over the royalty and tax payments made by Nevsun to the Government, pointing out that it had received no clarifications on these from Nevsun despite requests. It also goes into detail about Eritrea’s failure to respond to Djibouti’s requests for information about prisoners of war held by Eritrea after it attacked Djibouti in June 2008. Eritrea has never even acknowledged that it holds any such prisoners despite the Comprehensive Agreement signed by Djibouti and Eritrea in June 2010 under Qatar mediation. The Monitoring Group concludes that Eritrea’s denials and its refusal to provide any information is obstruction of Security Council resolution 1862 (2009) and those responsible should be considered for targeted measures under resolution 1907 (2009).

The report concludes with recommendations for the Security Council to better enforce the sanctions on Eritrea which it notes are currently being violated both covertly and overtly.



It suggests the establishment of a five day no-objection procedure for the import of certain categories of civil equipment which can be used for military purposes; a report on extraterritorial in the Diaspora; and for due diligence procedures for the mining sector, including setting up a joint account to be administered by the Government of Eritrea and an international supervisory body.

The Monitoring Group report is comprehensive and meticulous in its methodology, and is indeed exhaustive, specific and detailed with evidence itemized down to the minutiae of names, dates and places. The detail is such that it demolishes in advance any possible defence. It is clear the Government of Eritrea remains a major 'spoiler' and deliberately so for the Federal Government of Somalia, and that it remains determined to continue destabilization on a regional scale. The Monitoring Group's report firmly contradicts Eritrea's denials that it has been playing a negative role in Somalia or supporting Al-Shabaab and other militants. It does in fact provide detailed evidence to support continuation, and indeed, extension, of the sanctions currently imposed on Eritrea.



An Ethiopian-China Business and Investment Forum held in Addis Ababa

On Tuesday last week (July 23), the Ethiopian Chamber of Commerce and Sectoral Associations (ECCSA) in collaboration with the Bureau of Foreign Trade and Economic Cooperation of Foshan City from China and the Ministry of Foreign Affairs of Ethiopia, held an Ethiopian-China (Foshan City) Business and Investment Forum. The aim was to promote a mutually beneficial and fruitful economic and commercial exchange between the two countries and to brief the China delegation from Foshan City, Guangdong Province, on investment and business opportunities in Ethiopia. During their visit the Foshan City delegation also paid site visits to the Eastern Industrial Zone and Chinese-owned factories south of Addis Ababa. The Forum was attended by some 80 Ethiopian and Chinese business representatives, and around 30 Ethiopian public sector officials and delegates. Ethiopia's Consul General in Guangzhou played an important role in the joint inception and organization of the event.

In his opening address, Ethiopia's State Minister of Industry, Ato Sisay Gemechu, guest of honor at the Forum, welcomed the Foshan City delegation and outlined the investment and development opportunities in Ethiopia, urging Chinese companies to participate in the investment process in different economic sectors in the interests of both countries. The State Minister invited Chinese companies to make direct investments either in standalone investments or in joint venture partnership contracts with the Ethiopian private sector or public enterprises. Ethiopia, he pointed out, is a fast-growing economy especially in the areas of agriculture, agro-processing, manufacturing, construction, and infrastructure. He confirmed that the Ethiopian Government was currently implementing an assortment of incentives packages in a bid to create a proper investment ambiance to encourage private sector involvement in the development process. Associated with this were a number of legal amendments to provide the appropriate framework. In this connection, he underlined that Ethiopia had vigorously embarked on a series of large-scale infrastructural projects and was putting in place the appropriate institutional structures to encourage foreign direct investment.



In total, these provide for incremental steps to help the provision of additional overseas investment without incurring excessive costs.

In a welcoming speech on behalf of Ethiopian business community, W/ro. Mulu Solomon, President of Ethiopian Chamber of Commerce and Sectoral Association, and chief co-organizer of the forum, noted that the economic policies adopted by the governments of Ethiopia and China in the last two decades, coupled with their long-standing bilateral relationship, had played an instrumental role in promoting direct trade between the two business communities. Indeed, bilateral trade between Ethiopia and China had been registering steady growth during the last few years, and trade relations had shown significant progress following the Government of China's allocation of quota and tariff free rights to African countries. W/ro. Mulu underlined that Chinese investment in Ethiopia was showing signs of significant expansion in both quality and quantity. In the period between 1998 and 2012 Chinese investors obtained licenses for 938 projects with a registered capital of over US \$2.4 billion. Over half of these investment projects (57%) were in the manufacturing sector, followed by real estate, machinery and equipment rental and consultancy services. The President of the ECCSA took the opportunity to extend an invitation to the Association's Chinese business counterparts to participate in the upcoming 6th Ethio-Chamber International Trade Fair, scheduled to be held November 27 to December 3, in Addis Ababa.

Another presentation, on the business and investment climate, was made by Ato Fitsum Arega, Director-General of Ethiopian Investment Agency, an autonomous government institution mandated to render one-stop shop services to foreign investors. Ato Fitsum outlined the incentive packages for investors in the form of tax and customs duty privileges, and the presence of guarantees for their investment. Ethiopia is a member of the World Intellectual Property Organization and the Multilateral Investment Guarantee Agency and has bilateral investment treaties with a number of countries including China. Ato Fitsum noted achievements in political and macroeconomic stability and institutional predictability, as well as the legal protections available to investors under the investment law.



Ato Fitsum also detailed investment-enabling factors such as the infrastructural facilities, the availability of a substantial and trainable workforce, Ethiopia's integration into regional and world trade systems and the availability of relevant national competences in all the priority areas, including agriculture, agro-processing, manufacturing and construction. Ethiopia, of course, has a population estimated at around 90 million with a clear development strategy, and its robust economic growth over the last decade, as one of the fastest growing economies in the world, has made it a country for international focus and worth the attention of many businesses. It is politically stable and peaceful, with a low crime rate and minimal corruption, and provides attractive and low-risk investment opportunities.

The leader of the Chinese delegation, the Deputy Secretary-General of the Foshan Municipal People's Government, Mr. Zhang Kaiji, said the main purpose of their visit was to introduce Foshan companies to Ethiopian business people, explore investment opportunities and become familiar with the investment environment in Ethiopia. Foshan City, he noted, had substantial and distinctive manufacturing industries.

During the Forum, a series of one-on-one Business-to-Business meetings were carried out and some twenty Foshan companies made connections with their Ethiopian counterparts to discuss investment and business needs, made deals and agreed to forge long-term partnerships. The major areas of interest on both sides were construction materials, electronics, medical equipment, household appliances, and aluminum, chemical, metal, paper and plastic products as well as industrial energy supply, power generation and electrical and mechanical tools.

Overall, it is apparent the partnership between Ethiopia and China has been steadily expanding. China plays the largest role in the financing and construction of infrastructure, including roads, power and communications. It is currently the leading export destination as well as the leading source of imports for Ethiopia. The total trade turnover of the two countries reached nearly US\$1.7 billion in 2011, rising from less than US\$353 million in 2004.



Ethiopia's exports to China registered over US\$280 million in 2011, up from nearly US\$15 million in 2004; imports reached over US\$1.4 billion in 2011 from US\$338 million in 2004. The balance of trade remains much in favor of China.

Ethio-China relation is based upon mutual respect, with the Chinese Government encouraging Chinese investors to come to Ethiopia, and the Ethiopian government centering its diplomatic activities in China on the promotion of the export trade and on encouraging investment and tourism. Chinese firms provide competitive bidding and self-financing options with interests are largely concentrated in the manufacturing sector. Ethiopia sees these new partnerships involving the provision of optimal investment, trade and industrial policies, as leading to a win-win situation for both countries.



Preparations for the African Growth and Opportunity Act (AGOA) Forum complete

Ethiopia's Ministry of Trade, the Ministry of Foreign Affairs, the US Embassy and the African Union Trade and Industry Commission jointly announced on Monday (July 29) that preparations had been finalized for hosting the 2013 African Growth and Opportunity Act (AGOA) Forum, being held here in Addis Ababa, August 9-10. According to the organizers registration of participants has now been concluded. The Ministry of Trade's Corporate Communication Directorate Director, Amakele Yimam, said "The Forum will be a good opportunity for Ethiopia to promote its products, reflect its positive image as well as attract investors and enhance conference tourism." Ato Amakele said that the Forum, aimed at promoting a high-level dialogue on trade and investment-related issues between the US and Africa, is expected to bring together over 600 government and private sector leaders and other stakeholders from Africa and the United States. This year's Forum will be held under the theme: "Sustainable Transformation through Trade and Technology." Sub-Saharan African Countries are expected to push for the extension of the period to export goods free of tariff and quotas to the United States through the African Growth and Opportunity Act. The Forum will be discussing some sixteen main agendas relating to trade and investment.

The African Growth and Opportunity Act (AGOA), enacted in May 2001, is a US trade initiative that provides Sub-Saharan Countries with access to the U.S. market. It has had considerable success, and exports under AGOA have increased more than 500% rising from US\$8.15 billion in 2001 to \$53.8 billion in 2011. While some 90% of these exports to the US have come from the oil and gas sector, the exports from the non-oil and gas sectors have also grown significantly, by 275%, from US\$1.2 billion to US\$4.5 billion in the same period. Nevertheless, there is widespread agreement that much more could be done to exploit the full potential of AGOA. In most African countries, AGOA exports have been limited to no more than a few products and at every AGOA forum, Ministers of Trade have raised the issue of how to utilize the opportunities more effectively.



At the 11th AGOA Forum in Zambia, ministers emphasized the need for AGOA-eligible countries to develop their respective national AGOA response strategy. The ECA and the African Union Commission have offered to provide technical assistance to countries that do this.

Ethiopia is the first country to pilot this strategic initiative. The Ministry of Trade, in cooperation with the African Trade Policy Center of the ECA, has developed a National AGOA Response Strategy to identify the key supply-side constraints that have impeded the performance of the export sector and to suggest possible interventions to help overcome these constraints. As part of this, the Ministry of Trade and the UN Economic Commission for Africa held a consultative meeting (July 16-17) on Ethiopia's National AGOA Response Strategy. The meeting was attended by relevant stakeholders from the private sector, the government and the donor community to provide input for the National AGOA Response Strategy. Close to 200 participants, including leading exporters, heads of sectoral associations, heads of chambers of commerce, senior government officials from various ministries, commercial diplomats, members of civil society and donors participated.

The meeting identified sector specific constraints in selected priority areas and identified appropriate support programs and policy interventions to overcome them. It also agreed on a need to set up a High Level National Steering Committee and sector and area specific Technical Groups, as well as a full-fledged AGOA center to oversee the implementation of the National Strategy. Ethiopia's State Minister of Trade, Yacob Yala, told participants that he considered the response strategy an integral part of the country's Growth and Transformation Plan. He said the underlying objective of the GTP strategy "is to increase the share and the benefits gained from the global economic integration with our ultimate goal of becoming a middle-income country by 2025, " adding that the US market opportunities opened up through AGOA were extremely useful to help realize this objective. He expressed the government's appreciation for the support provided by the ECA's Africa Trade Policy Centre over the years, as well as the support it had provided for the preparation of the National Strategy and for the forthcoming AGOA Forum.



About

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