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**African Union**

Next week marks the start of the 22<sup>nd</sup> Ordinary Session of the Assembly of the African Union. The 27<sup>th</sup> Ordinary Session of the Permanent Representatives Committee of the African Union will be held January 21-23; the 24th Ordinary Session of the Executive Council January 27-28; and the Session of the Assembly, the Summit of Heads of State and Government, January 30-31. Summit's theme is: "2014 Year of Agriculture and Food Security, Marking 10th Anniversary of the Adoption of the Comprehensive Africa Agriculture Development Program (CAADP)"

Ambassador Smail Chergui, the African Union's Commissioner for Peace and Security, opening the 7<sup>th</sup> Meeting of the Specialized Technical Committee on Defense, Safety and Security at the AU Headquarters on Tuesday (January 14) called for coordinated and quick implementation of the proposed African Standby Force.

**Ethiopia**

Japan's Prime Minister, Shinzo Abe, visited Ethiopia this week at the head of a fifty person delegation of senior officials, parliamentarians and business leaders, to hold talks with Prime Minister Hailemariam. During the visit, Ethiopia and Japan signed an air service agreement for direct Ethiopian Airlines' flights to Tokyo. **(See article)**

Ethiopian Foreign Minister Dr. Tedros Adhanom, on a two day official visit to Ghana this week at the invitation of the Minister of Foreign Affairs and Regional Integration, Hannah Tetteh, signed a General Cooperation Agreement on Monday (January 13) which will serve as the basis for formation of a Joint Ministerial Council. Dr. Tedros also met with Ghana's President John Dramani Mahama of Ghana. They expressed readiness to take the longstanding relations of the two countries to a higher level. After Ghana, Dr. Tedros continued to Burkino Faso.

State Minister Ambassador Berhane Gebre-Christos held talks with Ambassador Egon Kochanke, Regional Director for Sub-Saharan Africa and the Sahel at Germany's Foreign Affairs Ministry on Wednesday (January 15). They called for the international community to encourage both sides in South Sudan to settle their differences quickly and peacefully.

Ambassador Girma Birru, Ambassador of Ethiopia to the United States and current co-chair of the AGOA Ambassadors' Working Group in Washington, testified on Tuesday (January 14) to the United States International Trade Commission, calling for US African Growth and Opportunity Act to be extended for 15 years. **(See article)**

The Ethiopian Consul General in Guangzhou, Mr. Melaku Legesse held discussions with the Deputy Director General of the Department of Foreign Trade and Economic Cooperation of Guangdong Province, Mr. Chen Yuehua, on issues of mutual interest.

Somaliland President Ahmed Silanyo met with Prime Minister Hailemariam last weekend to discuss the work of the high level joint committees on security, trade and cross border movements, as well as road links and the supply of power to Somaliland.

The International Astronomical Union (IAU) has signed an agreement with partners in Ethiopia to host the East African regional node of the IAU Office of Astronomy for Development. This will be the first regional node to be established in Africa and it will be driven locally by the Ethiopian Ministry of Science and Technology, the Ethiopian Ministry of Education, the Ethiopian Space Science Society and Addis Ababa University.

Ethiopia has established the WTO-TBT (Technical Barriers to Trade) National Enquiry Point under the Ethiopian Standards Authority. Establishment of central authorities, such as the National Enquiry Point, to facilitate free trade is one of the prerequisites of joining the WTO. Ethiopia will also be establishing a Notification Authority under the Ministry of Trade

## **Djibouti**

Djibouti and China signed an economic and trade co-operation deal on Wednesday (January 15) providing for China to invest up to US\$16.5 million in development projects, prioritizing education and health. It will enable implementation of plans to build the Tadjourah Regional Hospital, a national archive building, a primary school, ten new boreholes, and provide computers and tablets to primary school and pre-school children.

The Chinese company GCL Poly Petroleum Investment, which signed an agreement to develop the gas fields at Calub and Hilala in Ethiopia last November, signed a Memorandum of Understanding with the Government of Djibouti last week (January 8) to construct two pipelines to bring the gas to Djibouti. The agreement also provides for the construction of a liquefaction plant and gas refinery, storage for crude and refined products and a bunkering center at Obok.

Djibouti this week is deploying the first 100 strong unit of the additional contingent of a 1,000 troops for AMISOM. It announced the new deployment on December 30. When complete it will bring the number of Djibouti troops serving with AMISOM to 1,980.

## **Eritrea**

Sudanese President Omar Al-Bashir arrived in Asmara on Thursday (January 16) for an official working visit. In talks with President Isaias the two presidents discussed implementation of previously concluded agreements and regional developments.

President Isaias on Wednesday (January 15) held talks with Ambassador Hamdi Sanad Loza, Special Envoy of Egypt's Acting President, Adly Mansour. Ambassador Loza briefed President Isaias on the on-going referendum process, the ratification of a Constitution and on Egypt's forthcoming elections.

President Isaias held talks on Friday last week (January 10) with a Finnish delegation headed by Mr. Pekka Haavisto, Finland's Minister of International Cooperation which was in Eritrea for a two day visit. The two sides exchanged views on ways and means of enhancing relations between Eritrea and Finland, particularly in the areas of education and health.

## **Kenya**

President Kenyatta this week attended the 5th Peace and Security Summit of Heads of State and Government of the Great Lakes Region in Luanda, Angola. The Summit attended by leaders from Angola, Burundi, CAR, Congo, DRC, Kenya, Uganda, Sudan, South Sudan, Tanzania and Zambia discussed the security situation in South Sudan, Central African Republic and in the Eastern Democratic Republic of Congo and considered how to boost support to ongoing regional peace initiatives.

An Afghan national was among those killed in the attack by the Kenya Defense Force jets on an Al-Shabaab training camp in Gedo region on Thursday last week (January 9). According to Kenyan military sources, Khaild Abu Abdrahaman, an Afghan mortar training expert, died in the air strike and Al-Shabaab leader, Ahmed Godane, narrowly escaped death when he left the meeting 30 minutes before the attack.

## **Somalia**

Somalia's Prime Minister Abdiweli Sheikh Mohamed has announced the names of his first cabinet of 25 members, five from each of the major clan groups. It includes two members of the previous cabinet and two women. President Mohamud welcomed the appointments which now await parliamentary approval. Parliament on Tuesday rejected a motion to prevent inclusion of former ministers in the new cabinet

The third round of talks between Somalia's Federal Government and the Somaliland Government opened in Istanbul on Thursday (January 16). The Somalia delegation is headed by Abdikarim Hussein Guled, Minister of National Security; and the Somaliland delegation is led by Foreign Minister Mohamed Bihi Yonis.

The second meeting of the Regional Steering Committee tasked with overseeing feasibility studies and construction of the Berbera-Hargeisa-Addis Ababa transport corridor opened in Hargeisa on Thursday (January 16). Chaired by Professor Hassan Ali Osman, Head of the Somaliland Road Authority, the Committee includes officials from the EU, IGAD, Berbera Port Authority and the Ethiopian Road Commission.

Ambassador Smail Chergui, the African Union Commissioner for Peace and Security, confirmed on Tuesday (January 14) that Ethiopian troops will join the AU Mission in Somalia (AMISOM). He told a meeting of the AU's Committee on Defense, Safety and Security that this meant AMISON's strength will now be about 22,000 uniformed personnel. . The main troop providers are currently Burundi, Kenya and Uganda, with Djibouti and Sierra Leone deploying smaller contingents.

The former president of the Puntland State government, Dr. Abdirahman Mohamed Farole, officially handed over to the newly elected President, Dr. Abdiweli Mohamed Ali Gas, on Tuesday (January 14). The ceremony was attended by international representatives including UNSOM and Colonel Asmelash Woldemihret, Ethiopian Consul-General in Puntland. Former Puntland Vice-President General Abdisamad Ali Shire and newly elected Vice-President Abdihakim Abdullahi Omar Amey were also present.

A spokesman for the US Africa Command said on Tuesday (January 14) that the United States has deployed a military coordination cell in Somalia to provide planning and advisory support to the African Union Mission in Somalia and Somali security forces. It was established in October last year and "is now fully operational."

The EU is reported to be preparing to extend the mandate of Operation Atalanta, its counter-piracy naval force off the coast of Somalia. Its mandate ended in December but EU officials have said there were "good indications" that it would be extended, probably for another two years.

## **South Sudan**

The United Nations Security Council in a statement issued on Friday (January 10) renewed its call for all parties involved in the conflict in South Sudan to commit themselves to cessation of violence and hostilities. Talks between the two parties continued in Addis Ababa this week. The Security Council also urged the government to protect civilians and ease access for relief workers.

United Nations Secretary General Ban ki-Moon has expressed alarm at the rising number of people being killed or forced from their homes by the fighting in South Sudan. The U.N. announced on Tuesday (January 14) that the number of people displaced by a month of fighting has reached nearly 500,000.

Following a request from the United Nations Secretary-General, Ghana's President, Mahama, announced on Tuesday (January 14) that Ghana would contribute 850 troops to South Sudan to help restore peace and stability in the country and assist with the humanitarian efforts.

South Sudan's Minister of Petroleum and Mining, Stephen Dhieu Dau, visited Khartoum over the weekend to discuss restarting oil production in South Sudan's Unity State. He told journalists in Khartoum that this required Sudan's Greater Nile Petroleum Operating Company and South Sudan's Nile Petroleum Corporation to work together.

## **Sudan**

The United Kingdom Foreign Office Minister for Africa, Mark Simmonds, on an official visit to Sudan (Tuesday 14) welcomed the constructive role that Sudan was playing in the South Sudan conflict. He said the UK supported efforts aimed at reaching a ceasefire in South Sudan.

Sudan's Minister of Finance, Badr al-Deen Mahmood, announced on Thursday (January 16) that the Arab Monetary Fund had provided a loan of US\$380 million to assist structural correction of Sudan's balance of payments.

Sudan's Inspector General has accused the Ministry of Finance of hiding 16 billion Sudanese pounds (US\$2.8 billion) in liabilities from its financial statements. The report also revealed that other ministries, including the ministries of Defense, Interior and Foreign Affairs, had long-term unresolved debts owed to the Ministry of Finance and Customs. It said some government agencies were spending money outside the budget, keeping consultants whose contracts had not been renewed and keeping employees on a payroll long after jobs had been terminated.

Dr Mohamed Ibn Chambas, the Joint Special Representative for Darfur and Head of the African Union-United Nations Hybrid Operation in Darfur (UNAMID) on Sunday (January 12) held talks with the Sudan Ministry of Foreign Affairs on UNAMID's efforts to support the peace process in Darfur and on meetings to try to persuade armed rebel movements aiming to engage in the peace process. The Ministry reiterated the government's insistence that the Doha Document for Peace in Darfur forms the basis for peace in Darfur.

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## ***Japan's Prime Minister, Shinzo Abe, visits Ethiopia***

The Prime Minister of Japan, Shinzo Abe, visited Ethiopia on Monday and Tuesday this week (January 13-14), leading a 50-strong delegation of high-level officials, parliamentarians and global business leaders. Prime Minister Hailemariam and high level Ethiopian officials welcomed Prime Minister Abe, his spouse and the accompanying delegation at Bole International Airport. In his first official function, Prime Minister Abe met with prominent Ethiopian athletes and families of the 1964 Olympic Gold medalist Abebe Bikila. Prime Minister Abe shared his reminiscences of the 1964 Olympic Games which were held in Tokyo. Later in discussion with Prime Minister Hailemariam, Prime Minister Abe noted that 2014 marked the 50<sup>th</sup> anniversary of the Tokyo Olympics. He emphasized the importance of promoting people-to-people relations through the "Sport for Tomorrow Program," and thanked Ethiopia for supporting Tokyo's bid to host the 2020 Olympic Games. Both leaders welcomed the

commemorative events for the 50<sup>th</sup> Anniversary of the Tokyo Olympics in 1964 which are planned for both countries this year.

Following the reception at the airport, the first round of discussions was held at the Jubilee Palace. Prime Minister Hailemariam noted that Ethio-Japan relations, dating back over 85 years had now reached a qualitatively higher level, adding that this was evinced in the frequent high level visits between the two countries. Citing the double digit growth that Ethiopia has witnessed over the past decade and its determination to continue this, the Prime Minister emphasized that Ethiopia offered highly attractive investment opportunities and expressed his hope that the two governments would work closely to encourage Japanese investment in Ethiopia. He pointed out that the rapid economic growth and development coupled with infrastructure development, the improved institutional capacity to serve investors through one-window service, the stable macro-economy, favorable investment policy, cheap labor and ample market opportunities were just some of the features of a conducive and lucrative investment climate making Ethiopia a preferred destination for foreign direct investment. He requested Prime Minister Abe's support for Japan's Trade and External Office (JETRO) to open offices in Addis Ababa, which is after all the diplomatic hub of Africa, and so boost trade and investment ties not only with Ethiopia but elsewhere in Africa.

Prime Minister Hailemariam urged Japanese investors to participate in Ethiopia's manufacturing sector, in textiles, leather, mining, energy, manufacturing and agro-processing. He said they would also be welcome to invest in railway management and rice production in which Japan enjoyed such high-level technological capability. Prime Minister Hailemariam also stressed that with extensive arable lands and twelve river basins, Ethiopia offered huge opportunities for irrigated agriculture and he promised the government would continue to work to ease impediments related to inland transport and customs procedures. He noted the government had introduced a number of policy reforms based on the Ethio-Japan Industrial Policy Dialogue conducted through the National Graduate Institute for Policy Studies of Japan. He cited the recent introduction of new customs regulations to ease import procedures for manufactures as part of the effort to improve the investment climate. He lauded the contribution of the industrial policy dialogue, and especially the 'champion product approach' towards improving Ethiopia's export capacity. Prime Minister Hailemariam said that with a large young population ready to be deployed for skill-based trainings, Ethiopia's development policy was focusing on promotion of labor-intensive manufacturing to reap the fruits of this demographic dividend. Given growing labor costs elsewhere, Prime Minister Hailemariam said Japanese companies would be able to maintain their competitiveness globally by taking advantage of the labor costs in Ethiopia.

Prime Minister Hailemariam reaffirmed Ethiopia's continued contributions to the Tokyo International Conference on African Development and expressed his hope that Japan would implement the TICAD V Declaration and Plan of Action in collaboration with the African Union. He noted that the commitment of the Japanese Government to enhance the relationship with Africa through TICAD was "indeed remarkable". He also made clear Ethiopia's appreciation for Japan's significant contribution in technical assistance to Ethiopia's development. He noted that Ethiopia has adopted Kaizen as a philosophy for the nation's move to improve quality and productivity. Underlining the indispensable role of development of

human capital, he expressed Ethiopia's desire to benefit from the 'Abe Initiative': "understanding the fact that human development is the biggest factor in development, we are committed to harness the Abe Initiative to that end." He added that Ethiopia planned to make the Ethiopian Kiazen Institute a pioneer institute in Africa, and he reiterated its indispensable role in technology transfer and development. Prime Minister Abe promised to follow-up the implementation of TICAD V Declaration and Plan of Action, personally.

The discussions also covered regional peace and security issues, and Prime Minister Hailemariam briefed Prime Minister Abe about the current situation in South Sudan and the IGAD-led peace initiative. He said that efforts to resolve the conflict should prioritize a cessation of hostilities and national reconciliation in order to bring about lasting peace in the country. He underlined the importance of supporting the regional initiative to resolve the conflict. Prime Minister Abe made it clear that Japan would support IGAD-led mediation efforts and he also urged the international community to support the efforts of the regional bloc. Commending Ethiopia's decision to join AMIOSM, Prime Minister Abe welcomed Ethiopia's role in promoting political dialogue and peace-keeping in Somalia, South Sudan, and Sudan.

The Japanese Prime Minister underlined the importance of sustainable private sector development and of encouraging women entrepreneurship to realize holistic development. He spoke of his vision of a "society in which women shine" and of his plans to support developing countries, including Ethiopia, and implement ODA in excess of US\$3 billion over the next three years for the realization of such a society. In this context, he said Japan invited Ethiopian women business entrepreneurs, as well as government officials, to participate in the Japan-Africa Business Women Exchange Program, set up in order to maximize the potential of African women. He underlined that Japan would continue to support Ethiopia's development endeavors by sharing its experiences through the Ethio-Japan Industrial Policy Dialogue..

Prime Minister Abe highlighted Japan's desire to promote Ethiopia's Kaizen Institute into the TICAD Human Resource Development Center for Africa. He promised to consider opening the JETRO office in Addis Ababa after looking at the trade volume and the investment climate changes in Ethiopia. He announced his government's decision to offer a 520 million yen (US\$4.9 million) support to improve productivity of underprivileged farmers in Ethiopia, US\$11.6 million to help support refugees from neighboring countries in Ethiopia and \$500,000 to the African Union Peace and Security Peace-keeping Training Center. He also announced Japan's desire to support Ethiopia in the study of a master plan for geothermal energy, urban water development and expedite the Aluto-Langano Geothermal project. Ethiopia and Japan also signed an exchange of notes for an Air Service Agreement which will enable Ethiopian Airlines to launch direct flights to Tokyo's Narita International Airport.

The two Prime Ministers welcomed the activities Joint Crediting Mechanism for Climate Change, and Prime Minister Hailemariam detailed Ethiopia's green growth strategy and its desire to strengthen cooperation with Japan. He thanked the Government of Japan for offering to study the country's master plan for geothermal energy. Both sides also underlined the importance of maintaining close cooperation to implement the Joint Crediting Mechanism to promote

investment and deployment of low carbon technologies, products, systems, services and infrastructure to help achieve Ethiopia's plans for low carbon growth.

At their second meeting the two Prime Ministers were joined by business leaders of Japanese companies and Ethiopian company executives. Prime Minister Shinzo Abe told the business leaders that Japan would continue to support Ethiopia's development both at government and private sector level, adding that it was hugely significant to meet "to share Japan's development experience to help Ethiopia propel itself as a regional growth engine." Mr. Yutaka Kasse of KEIDANREN, Japan's Business Federation for Sub Saharan Africa, highlighted Ethiopia's rapid economic development and emphasized Japanese companies' desire to be part of this. University President, Dr. Kyosuke Ngata, underlining the primacy Japan accords to human development said "Africa is a treasure box of natural resources, what it needs to unlock this potential is a human capacity development." He said Japan owed its miraculous growth to human capital development as it was not blessed with rich natural resources. " He emphasized the desire of Japanese academic institutions to work with Ethiopian academia through the 'Abe Initiative' which aims to train 1000 African youths in the next five years. Mr. Kobayshi, a representative of the Mitsubishi Company which has had offices in Ethiopia since 1960, related the story of its partnership with Ethiopia and its current plans to introduce MRJ Aircraft to Ethiopian Airlines. Mulu Solomon, head of the Ethiopian Chamber of Commerce, gave details of the prevailing investment regime and invited Japanese investors to invest in Ethiopia either on their own or in joint ownership with Ethiopian investors. Tadios Getachew, owner and manager of Kuriftu Resorts, stressed that Ethiopia's tourism sector was growing by 13% annually and invited Japanese investors to invest in the sector.

Prime Minister Abe also visited the African Union headquarters where underlined Japanese policy towards Africa, stressing that Japan would "carry out each and every one of commitments made at TICAD without fail". He said Japan had decided to double the amount of loans for the Enhanced Private Sector Assistance for Africa created together with the ADB to foster private sector development, to US\$2billion. Prime Minister Abe asked what Japan alone could provide for Africa to realize its future and emphasized the way Japanese companies valued the efforts that arise from people's inner motivations. Japanese companies coming to Africa bring with them this managerial philosophy which had played a major role in Japan's development. He expected that Japanese companies would now act as a catalyst in this way for Africa. The Prime Minister spoke of the philosophy of kaizen and its emphasis on the value of the individual and its way of organization and arrangement. This, he said, was applicable to all countries and cultures. Prime Minister Abe said Japan's diplomacy towards Africa was centered on two groups: young people and women. He emphasized the future of the continent hinged upon motivated youth, and noted that at TICAD V there had been agreement on the great importance of vocational training and Japan had pledged to establish human resource development centers for business and industry. A first step in this was for the Ethiopia Kaizen Institute to be launched as a center for Africa. He noted that the African Business Education Initiative for Youth, the ABE Initiative, was also moving forward, and more than 58 prominent universities in Africa had indicated they would be prepared to accept students from Africa. The Prime Minister referred to "the most important topic in sustaining growth both for Africa and for Japan – how to utilize the power of women. "Abenomics", he said, "will not succeed without 'Womenomics'". He spoke of the



importance of imparting knowledge to women, providing education, expanding health coverage and said that “for Japan, the main point of diplomacy towards Africa is to contribute to making African women shine.” He concluded by stressing that Japan wished to support the efforts of the AU which provided the “driving power” for Africa, and it was preparing to implement assistance of US\$320 million for AU efforts to address conflict and disasters as well as humanitarian assistance to the CAR and South Sudan.

In his own statement on the occasion, Prime Minister Hailemariam, Chairman of the African Union, noted that “this Year marks the 10<sup>th</sup> anniversary of CAADAP and it is only fitting the theme of the African Union in 2014 is “Transforming Africa’s Agriculture for Shared Prosperity and Improved Livelihoods, through Harnessing Opportunities for Inclusive Growth and Sustainable Development.” He emphasized that this was the time for Africa and Japan to seize the opportunity to organize activities with a view to undertaking tangible steps for the implementation of the different agriculture-related programs and projects contained in the TICAD V Action Plan.

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### ***The IGAD mediation talks on South Sudan continue in Addis Ababa***

The conflict in South Sudan has now entered its second month despite increasing regional and international efforts to end the ongoing crisis. The mediation spearheaded by IGAD which began after the extraordinary IGAD summit in Kenya on December 27 called on all parties in South Sudan to agree to immediate cessation of hostilities and start unconditional political dialogue and also urged members of the regional and international communities to address the deteriorating humanitarian situation. However, continuation of fighting and the expansion of the area of military confrontation have increased fears about the peace prospects and raised concerns about future social harmony and peaceful coexistence between those involved in the ongoing fighting.

The South Sudanese Government said on Wednesday this week (January 15) that it was hopeful that the two sides attending the talks in Addis Ababa were close to reaching a ceasefire agreement. Ateny Wek Ateny, a spokesman for President Salva Kiir, said “I want to tell you that it will not be very long before a cessation of hostilities agreement is signed,” adding that only two items were left to be discussed. He said “those two items may be exhausted today (January 15), and if they are, there will be no problem to see the two sides signing the cessation of hostilities.” The negotiators for the rebel group, however, denied any such progress, saying that a number of issues remained to be worked out prior to any agreement, including the role of Ugandan forces in South Sudan. The rebels have accused Ugandan forces of assisting President Salva Kiir, and on Tuesday this week, the Uganda parliament endorsed the deployment of Ugandan troops in South Sudan. Ugandan Defense Minister, Crispus Kiyonga, said it was a reality that genocide was looming as the army in South Sudan was split with one part on the rebels' side and another on the government side. He said the Ugandan army had helped avert “genocide.” Uganda’s Parliamentary Speaker, Rebecca Kadaga, said “We all agree the decision to deploy troops, even though it was without approval of parliament, was a right one considering the humanitarian reasons explained by government.” While attending the 5th Summit of the

International Conference of the Great Lakes Region, President Museveni confirmed that Ugandan troops were fighting alongside South Sudan government troops.

The proposed cessation of hostilities has also been held up by the South Sudan government's refusal to release 11 political detainees, as demanded by the rebels. The IGAD mediation team headed by Ambassador Seyoum Mesfin, with General Lazaro Sumbeiywo, General Mohammed Ahmed Moustafa El Dabi and IGAD Executive Secretary, Ambassador Mahboub Maalim visited Juba (January 7-8). President Kiir said the Government would not release political detainees, as demanded by the rebel representatives in the Addis Ababa talks and could do so “only after all legal procedures” were exhausted.

The announcement of Ugandan troop involvement has come as fighting continues around the cities of Bor and Malakal. Government forces have been advancing on Bor, held by the rebels; while rebel forces have been threatening Malakal. Malakal, Bentiu in Unity State and Bor in Jonglei State were captured by rebels early in the conflict. Government troops recaptured Malakal at the end of December and last week retook Bentiu and said their next target would be Bor. Rebel forces claimed on Tuesday (January 14) that they had again captured Malakal, the capital of Upper Nile State, though the Government denied this and said they repulsed a rebel attack on Malakal. The UN Mission in South Sudan (UNMISS) has reported a “fluid” situation in Malakal after its forces there came under fire in mid-week. A civilian seeking shelter on the base was killed and dozens of others including a UN officer were wounded. UNMISS said its forces fired multiple rounds to deter anyone engaged in fighting, in order to protect civilians. Some 20,000 civilians are reported to have sought refuge in the compound. UNMISS has also reported it is protecting 9,000 civilians in Bor and an additional 6,000 in Bentiu.

Earlier this week, UN Secretary General Ban Ki-moon strongly condemned both government and rebel forces for stealing food and vehicles used by the humanitarian community. He reiterated that United Nations forces will continue to actively protect civilians. In a statement issued on January 15, a spokesperson for the Secretary General said Mr. Ban was “alarmed by the rising number of fatalities resulting from the continuing fighting in South Sudan”. He reiterated that the people responsible for attacks against civilians, humanitarian workers and UN personnel will be held to account. He also noted the reports that around 200 civilians had been drowned in the Nile while fleeing fighting in Malakal. Mr. Ban expressed deep concern about the rising number of displaced people in the country, which has now risen to over 400,000, according to UN figures. The Secretary-General repeated his calls for all parties to cease hostilities and to do their utmost to prevent civilian casualties, to uphold the principles of International Humanitarian Law and to respect human rights. He also urged both sides to engage constructively in the talks in Addis Ababa.

The Chairperson of the African Union Commission, Dr Nkosazana Dlamini Zuma, has also reiterated calls for a speedy and peaceful resolution of the conflict. This week, she said she was encouraged by progress in the IGAD mediated talks, but expressed her grave concern at the continued widespread violence and looting which she said jeopardized, not only the on-going negotiations, but also the provision of humanitarian assistance to affected populations. She implored the parties to cease hostilities immediately, in the interest of the whole South Sudan

nation, and urged them to allow continued access for humanitarian relief materials, personnel and other forms of assistance to reach affected populations in all parts of the country through guaranteed humanitarian corridors. The Chairperson called on the parties to be fully cognizant of, and respect their responsibilities and obligations under International Humanitarian Law. She urged speedy attainment of a cease fire as a first step to permanently resolving the conflict.

The Chairperson of the IGAD Mediation Team, Ambassador Seyoum Mesfin, in an interview with CCTV on Thursday (January 16) said "I don't say we haven't achieved something. The parties are discussing seriously, but one or the other is still creating some obstacles to peace, to the ending of the war or achieving the cessation of hostilities." Referring to the continued detention of the 11 former officials who the rebels want released, Ambassador Seyoum said "The government is insisting that they have to follow the rules and the laws of the country. We understand that they are a sovereign country, but at the same time, while legality is good achieving peace is also a prime objective for saving lives." Although the mediation process has yet had no success in halting hostilities, the two sides insist they remain optimistic. Nhial Deng Nhial, the Government's lead negotiator said: "We still hold out hope that we will be able to resolve these problems. But primarily we are focusing on putting in place a cessation of hostilities agreement." Hussein Mar Nyuot of the rebel delegation said "These are very straightforward issues and if we could conclude them today and tomorrow, I think the bloodshed will stop."

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### ***Setting the record straight: the 3<sup>rd</sup> Tripartite Water Ministers' meeting in Khartoum***

At the end of 2010, the Ethiopian Government commissioned the construction of the Grand Ethiopian Renaissance Dam Project (GERDP). Construction is now well under way through a turn-key contract arrangement with an internationally renowned contractor.

Egypt and Sudan, albeit in the absence of detailed information, have had concerns about the impact of the dam might have. So at the initiation and invitation of the Government of Ethiopia, the Ministers of Water Affairs of the three Eastern Nile Countries, Egypt, Ethiopia and the Sudan, agreed to establish an International Panel of Experts (IPoE) with the objective of building confidence about the GERDP among the three countries. It might be noted that this Ethiopian initiative to consult and share information with the two lower riparian states was unprecedented in the Nile basin or indeed in other international watercourses, in the absence of any specific agreement to determine the use of international watercourses.

The IPoE was launched in mid-May 2012. After a year of deliberation that included a review of the study and design documents and project site visits, the IPoE produced its final report May 30, last year. It was a consensus report signed by the representatives of all the three countries and the four international experts. The IPoE's Final Report reconfirmed Ethiopia's assertion that the design and construction of the Grand Ethiopia Renaissance Dam has been properly based on international design criteria and standards, codes, guidelines and engineering practices. The

Panel's report also showed that the GERDP will not have a significant impact on the downstream countries and that it will in fact, provide major benefits to all three countries.

The Panel did also recommend two further studies be carried out in the context of the Eastern Nile System. These were a water resource system/hydropower model and a trans-boundary environment and socio-economic impact study. It suggested these should be done through an agreed arrangement of the three countries, employing international consultants chosen through an international bidding process. The three states countries agreed to set up a mechanism to follow up implementation of the recommendations of the IPoE. They initiated a series of tripartite meetings. The first and second of these meetings took place in Khartoum on November 4 and on December 8/9 last year.

The third meeting took place, again in Khartoum, January 4-5, this year, and it was immediately after this that the Egyptian delegation embarked on a media campaign, releasing a distorted account of the deliberations and of the outcome of the meeting. We are therefore presenting the facts here with the aim of setting the record straight and providing the international community and the Egyptian people with a true and accurate account of the proceedings of the tripartite meeting. This can be corroborated by all who were present at the meeting.

The third meeting was hosted by Sudan and the main item of the agenda was discussion of the remaining pending issues that had not been agreed in the two previous meetings. It should be mentioned that during the first meeting on November 4, all three parties submitted their respective proposals on the "Framework for Establishing a Committee of Experts for the Follow up on the Implementation of the Recommendations of the (IPoE) on GERDP". The discussions during the first and second tripartite meeting focused mainly on the framework for the establishment of a committee of national experts, its composition and mandate. The parties agreed on setting up a national committee of experts, on the composition and number of delegates from each country, and on most of the mandates for the committee as proposed by the Ethiopian delegation.

Outstanding issues postponed to the third meeting included the establishment and commissioning of a separate international panel of experts, principles of confidence building, and questions of data and information quality and validation.

The matters discussed at the Third Tripartite Meeting focused mainly on two issues tabled by the Egyptian delegation. The first of these concerned the setting up of an international panel of experts. Egypt proposed that a new international panel of experts (IE) should be set up in parallel to the establishment of the committee of national experts and that this should start work at the same time with the committee of national experts. In the event that there were differences among members of the committee of national experts, the three Water Ministers should resolve the matter and if they failed, the differences should automatically be referred to the proposed IE, to provide a technical opinion for the ministers. In addition, the IE would also assist the committee of national experts. Egypt's final point was that this international panel of experts should not be established by consensus.

Ethiopia made it clear it did not see any justification for employing an additional international panel of experts in addition to the international consultants that would carry out the two studies recommended by the IPoE. However, for the sake of compromise and in the interest of promoting cooperation, the Ethiopian delegation agreed to the employment of an international panel of experts under certain conditions. The first was that the committee of national experts should prepare the procedures for the employment of the IE and the rules of procedure for its functioning. Secondly, that the IE should be engaged after the completion of the two studies. It also said that in the event of differences over issues raised in the final report of the two studies, the ministers should resolve them amicably and only if the ministers failed to do this to refer the matters to the IE to provide a technical opinion. The final point was that the IE should be chosen by consensus of the three ministers.

The Egyptian delegation did not provide sufficient explanation or justification why an IE should be engaged in parallel to the establishment of the agreed committee of national experts. It argued that the IE could resolve differences among members of the committee of national experts and even suggested the IE could act as an adjudication body whose decision should be binding on the three countries. These arguments were found illogical and deemed unacceptable by the delegations of both Ethiopia and Sudan. Egypt then withdrew them and put forward the alternative that the role of the IE should be that of technical assistance for the committee of national experts, but the delegation failed to suggest any situation in which the IE could play such a role. Indeed, in a situation where the two studies recommended by the IPoE are going to be undertaken by international consultancy firms and the necessary follow up made by 12 national experts from Egypt, Ethiopia and Sudan, the reason for Egypt's insistence on employing additional international experts is not clear.

The second issue tabled by Egypt referred to "principles for confidence building." The principles referred to issues that contradict the Nile Basin Cooperative Framework Agreement (CFA) which Ethiopia has recently ratified and which has also been signed by six other upper Nile riparian countries. Ethiopia declined to discuss these so-called "confidence building principles" as they were irrelevant to the agreed agenda of the meeting and to the mandate of the delegations present. The delegations of Ethiopia and Sudan repeatedly explained to the Egyptian delegation that the mandate and the agenda of the Third Tripartite Meeting was to establish appropriate mechanisms to follow-up the implementation of the IPoE report and to resolve issues that had not been agreed at the two earlier meetings. They also made it clear that confidence building measures should be expressed in action and not in meaningless phrases that had nothing to do with the issues at hand.

The Ethiopian delegation underlined the fact that the Ethiopian Government had made an unprecedented move in opening up the GERD project, in providing over 150 study and design documents for the two downstream countries and providing opportunities of project site visits. The Government had also shown its commitment to openness by accepting the report of the IPoE and in implementing the recommendations related to dam engineering and safety in a timely manner as well as agreeing to jointly conduct the two studies recommended by the IPoE. All these are very practical confidence building measures. Anything similar on the part of Egypt has been lacking.

A recent publication of 'Egypt Independent' contains numerous deliberate distortions of what actually transpired during the 3<sup>rd</sup> meeting. It is regrettable and counterproductive for the Egyptian delegation to accuse Ethiopia of being "intransigent" or to make saber-rattling statements such as "all options are open", talk of "escalatory measure" and threaten "[we] will not return to the negotiating table". The comments also include inaccurate and unsubstantiated assertions including: "the inadequacy of the technical studies carried out on GERDP"; "the risks to the resources of the Ethiopian people"; and "the Ethiopian government is facing problems financing the dam."

The reports of those present at the Third Tripartite Meeting make it very clear who were actually being uncompromising and blocking the progress of the consultations by submitting unreasonable proposals. The meetings, of course, involve three countries, but the Egyptian delegation has also distorted the situation to suggest the differences were between Egypt and Ethiopia alone. As a matter of fact, in almost all the issues under discussion Ethiopia and Sudan had almost identical stances. They, together, appealed to Egypt to bring the discussions to an end and move forward to the main task of conducting the two recommended studies. Inevitably, one must wonder if there is a hidden agenda behind Egypt's apparent determination to focus on two non-issues that have little to do with the main task of implementing the two studies recommended by the IPoE.

Ethiopia had been confident the empty rhetoric of the past government of Egypt would not be repeated but it seems the attitude implied in the phrase "all options are open" may still be the table. Egypt must denounce the option of conflict once and for all, and concentrate on promoting peace and cooperation. The self righteous attitude of some Egyptian authorities in attempting to remind the Ethiopian people of the risks involved in self-financing the project can only be described as disappointing. Equally, negative, and inaccurate, have been suggestions as some have asserted that the timing of the commissioning of the GERDP related to the turmoil in Egypt. There was no connection.

The contrast with Sudan is striking. Ethiopia fully acknowledges and appreciates the positive role that the Government and people of Sudan have played since the commissioning of the GERDP. It also appreciates the hospitality and kindness of Sudan in hosting all three Tripartite Meetings and the genuine effort and commitment of past and current Sudanese Ministers of Water Resources and Electricity in working for the success of these meetings. It should be added that the Third Tripartite Ministerial meeting held in Khartoum was concluded by agreeing to continue the consultations in order to finalize the setting up of a mechanism for the follow-up of the implementation of the recommendations of the IPoE. Ethiopia is committed to the success of these consultations.

The GERDP is a flagship project of the Government and people of Ethiopia. The project is based on detailed studies by internationally renowned consultants and the decision to commission the construction of the project was made after fully ascertaining the project's technical and socio-economic viability. The People and Government of Ethiopia are financing the GERDP. The

GERDP will be completed as planned and no one should be under any illusion that the resolve of the Ethiopian people will weaken or change.

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### *Ethiopia and Djibouti in agreement over transit fee payments*

The Minister of Transport, Workneh Gebeyehu, led a high level official delegation to Djibouti to discuss aspects of the 2002 bilateral agreement on port utilization. The meeting, at the request of the Government of Djibouti, took place during the weekend of January 4-5. The Ethiopian delegation included, Mekonnen Abera, the Director General of the Ethiopian Maritime Affairs Authority as well as officials from the National Bank, the Maritime Affairs and Logistics Enterprise and the Ethiopian Customs and Revenue Authority. Djibouti was represented by the Minister of Transport and Equipment, Ali Hassan Bahdon; the Minister of Foreign Affairs and International Cooperation, Mahmoud Ali Youssouf; the Minister of Infrastructure and Transport, Moussa Hassan and the Minister of Economy, Finance and Planning, Ilyas Dawaleh.

The meeting was called to discuss problems arising from the transfer of payments for forwarding and other port services at Djibouti port. According to the 2002 bilateral agreement, payments for forwarding and transit fees should be settled within fifteen days. Ethiopian forwarding agents are therefore expected to settle payment requests made by their Djiboutian counterparts within a fortnight of the receipt of payment documentation. However, according to the Djiboutian side, this has not been properly implemented and it has been claimed that a substantial amount had not been paid to Djiboutian transistors.

This, in turn, led to the Djibouti Ports and Free Zones Authority issuing a directive in late November last year, instructing port officials not to release cargo unless the freight forwarders in Djibouti could produce bank-certified notes confirming the transfer of funds. The new directive, originally to be applied at the beginning of December and then postponed until January 15, in effect required Ethiopian forwarding agents to send a bank document that proved the payment of fees for port handling, container demurrage, vessel handling and other related fees had been paid to their Djiboutian forwarders before any goods would be allowed to leave the port. Ethiopian companies involved in transport and transit were concerned about the effect that the new rules would have as they already faced difficulties in moving goods quickly enough to avoid high storage fees.

The agenda of the talks, to cover necessary rectification measures within the spirit of the special relationship between Djibouti and Ethiopia, covered two main points: settlement of arrears to Djiboutian forwarding agents and problems of implementation of the payment mechanism agreed under the 2002 Port Utilization Agreement. The delegations held a thorough discussion over the issue of arrears' claims and agreed to form a joint committee to investigate the matter and to settle arrears in two months. The joint committee will be made up of representatives from the Ethiopian Maritime and Logistics Enterprise and the Djibouti Ports and Free Zones Administration. The Djiboutian side agreed to verify the claims and send all supporting documents to the Maritime and Logistics Enterprise. It was also agreed that reports should be

submitted to the two governments every two months or so, detailing the implementation of the payment of arrears and the performance of normal payments. Ethiopian authorities have promised that the outstanding arrears will be cleared. Ato Workneh said that Ethiopian businesses had to honor their obligations to their business associates in Djibouti and “we will make sure this will happen.”

In regard to the implementation of the payment mechanism laid down by the 2002 Port Utilization Agreement, the two sides agreed that the newly introduced pre-payment of transit fees should be delayed for the next six months. For the time being, therefore, the status quo would be maintained, allowing Ethiopian forwarding agents to settle payments to Djiboutian forwarders within fifteen days. In the meantime, Djibouti will evaluate the performance of Ethiopian importers to determine if they are properly meeting the terms of the Utilization Agreement. The two sides agreed that any changes to the 2002 Agreement could only be made through further negotiations, and this should take place if the problems with payment were not rectified within these six months. Both sides acknowledged that any sudden introduction of changes would affect Ethiopian imports and that any changes should therefore be properly negotiated. The discussions were reflective of the warm bilateral relations between two sisterly countries, and Minister Workneh told journalists that he was pleased to see the spirit of the bilateral relationship continues.

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### ***AGOA Ambassadors' Working Group testifies to the US International Trade Commission***

Ambassador Girma Birru, Ambassador of Ethiopia to the US, and current co-chair of the African AGOA Ambassadors' Working Group in Washington, testified to the United States International Trade Commission on Tuesday this week (January 14). The Commission is holding hearings on issues relating to the reauthorization of African Growth and Opportunity Act (AGOA). The African AGOA Ambassadors' Group is made up of Ambassadors from the AGOA eligible countries and is primarily involved in engaging with the US Administration and the US Congress to promote US-Africa partnership in the context of the African Growth and Opportunity Act and its renewal. The Working Group has been able to develop a coordinated position on the need for the reauthorization of AGOA, and this has been accepted by African Ministers of Trade.

Ambassador Girma told the Commission that he particularly appreciated the opportunity to express the views of the African AGOA Ambassadors' Group as AGOA remained the central pillar of US-Africa trade and economic cooperation, adding that AGOA embodied “our joint aspiration that Sub-Saharan African (SSA) countries become full-fledged members of the global economy.” He recalled that the authors of the Act had envisaged AGOA could create a meaningful opportunity for beneficiaries in Sub-Saharan Africa to fundamentally change the structure of their economies. The expectation was that AGOA would become a catalyst for economic growth and free markets by way of providing market access to qualifying countries as well as help accelerate Africa’s integration into global markets through trade and investment.

Ambassador Girma stressed that AGOA had made a significant impact on the exports of Sub-



Saharan African countries and helped to generate jobs in both Africa and the US. At the same time, he noted that very few countries made full use of the opportunities “due to supply side constraints”, mostly connected with the lack of infrastructural and institutional capacities”. He said the Sub-Saharan states recognized the need to address these constraints hindering the effective utilization of AGOA by developing a coordinated and strategic response at the national level. He pointed out that, following a decision by the Ministers of Trade that each AGOA eligible country should develop its own national AGOA response strategy, many countries had begun to work on their own national strategies to ensure that AGOA was better utilized. This was based on the realization that mere reauthorization of AGOA would not lead to any dramatic results unless the beneficiary countries also changed the way they do business.

The co-chair of the African AGOA Ambassadors' Working Group reiterated the Group’s belief that through AGOA “we have been able to lay a strong foundation for a strategic US-Africa partnership over the last decade.” He believed African businessmen and women had now begun to understand the US market better and were planning for the long term. He also noted that US businesses were also now increasingly looking towards Africa, far more so than at any time in the past.

Ambassador Girma argued that if Africa could sustain its economic momentum of the last decade, it could very likely follow on in the footsteps of the successful Asian countries. If AGOA was to succeed in its primary objective of helping African countries achieve sustainable economic transformation, then it was important that it was extended for a period of 15 years. He also noted that the Third Country Fabric provision should be made inseparable from the lifespan of the reauthorized AGOA. He said “we are asking for the reauthorization of AGOA on the basis of a partnership and in the hope that the very goals set for AGOA from the outset will be achieved.”

Other witnesses from other AGOA eligible countries included Ambassador Somduth Soborun of Mauritius, co-chair of the African AGOA Ambassadors' Working Group, Ambassador Ebrahim Rasool of South Africa, and Ambassador Jean Kamau, Charge D'Affaires of Kenya to the US. Witnesses who gave testimony also included representatives from the Common Market of Eastern and South Africa; the African Business Initiative; US Chamber of Commerce; National Foreign Trade Council; the African Cotton and Textile Industries Federation, Nairobi Kenya; as well as a number of US trade bodies, among them the African Coalition for Trade Inc. Washington, D.C, Coalition of Services Industries D.C, American Apparel and Footwear Association Arlington, Virginia, National Chicken Council D.C, USA Poultry and Egg Export Council, D.C, California Clean Peach Board, California Canning Peach Association and American Sugar Alliance D.C.

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***Ethiopia’s economic development: poverty reduction and sustainability***

The Permanent Secretary for the UK’s Department for International Development (DfID), Mark Lowcock, recently told students of the Economics, Political Science and International Relations Departments of Addis Ababa University, how Britain and Ethiopia could work together on

economic growth. Praising Ethiopia's development over the past decade and its double digit growth as "impressive", he pointed to the commitment and clarity of vision as an important foundation for the country's economic success. The Government has repeatedly asserted that development, particularly poverty reduction, is the primary agenda of the state. The provision of basic services, expansion of infrastructures and increasing productivity are all geared toward achievement of the country's developmental objectives. The impressive economic and social progress achieved over the past decade is compelling evidence of the success of these effective and pragmatic policies.

The Commission for Growth and Development designed by the World Bank reviewed and assessed thirteen economies that demonstrated sustained and transformational growth and set out the features they shared. The growth models had some common elements: strategic integration with the world economy; macroeconomic stability; focus on the future; importance of property rights; and government capacity and commitment to growth. In his speech at the University, Mr. Lowcock explained that the first of these, integration into the global economy, involved two significant elements. One was a willingness and ability to import ideas, technology, and know-how from the rest of the world and the other the need to excel in world markets. He pointed out that Ethiopia was moving towards such integration by publicly setting a target to join the World Trade Organization. He noted that the volume of exports had been steadily increasing and the portfolio diversifying, with a rapidly growing service sector and substantially increased energy sector development expected to contribute to the country's export base. He also pointed out that foreign direct investment had received serious policy attention from the government as an instrument of technology transfer and a source of capital. At the same time, he felt that the volume of FDI flows still needed to increase further in order to maintain the levels of economic growth.

In terms of macro-economic stability, the government has implemented a tight monetary policy effort to combat inflation, effectively slowing down food and fuel prices. The determination to hold down prices has been further reflected in the prudent fiscal policy focusing on strengthening domestic resources and reducing domestic borrowing. Mr. Lowcock noted that these measures had helped to bring inflation down under single digits and he welcomed the government's approach and that of the Minister of Finance and Economic Development, Ato Sufian Ahmed to macro-economic stability.

Contemporary economic history suggests that a high rate of savings and a higher rate of investment demonstrate a country's focus on the future. The experience of East Asian development, said Mr. Lowcock, underlines this basic economic tenet. He added that seen from this perspective the prospects for Ethiopia's future economic growth were largely positive. As he pointed out, although the current saving levels are lower than those achieved by East Asian countries' at a similar economic stage, the saving rate in Ethiopia has shown constant growth. This provides a meaningful addition to an already strong investment growth rate. Closely linked to investment and savings is the issue of property rights. Establishing a system that guarantees the protection of property rights is widely assumed to be indispensable for proliferation of investment. The Ethiopian experience of protection of property rights, Mr. Lowcock noted, has demonstrated considerable improvements, and this can be best demonstrated in the enhanced

security of land tenure provided to farmers. Mr. Lowcock also mentioned sustained policy focus by governments as an important factor in a country's development path. Here the priority given to development in Ethiopia proves the government's commitment, as does the clear set of targets and objectives set out in the Growth and Transformation Plan.

Alongside his economic analysis, Mr. Lowcock also commented on the way that the UK's partnership with Ethiopia would need to adapt and change as the transitions arising from growth and development country take effect. He asserted that the relationship between the UK and Ethiopia should move away from a donor-recipient relationship to one emphasizing import-export links and demonstrating an equal partnership on the world stage, with reference to issues like climate change, world trade and counter-terrorism. He, therefore, expressed the UK's willingness to expand its involvement in economic development in Ethiopia, realizing that in the long run it will be private sector development that would lead the process of job creation and provide the tax base for social spending and public investment by future generations. The UK, he pointed out, had already started to provide support for land certification, for access to finance and assist in making the Ethiopian leather, textile and horticulture sectors world class. Equally, he added, the UK is also ready to help Ethiopia attract the private capital, technology and know-how needed to achieve its ambitious growth targets.

The growth of the Ethiopian economy is as broad-based as it is pro-poor, and its phenomenal development has not neglected, nor sidelined, the majority the population. On the contrary, this growth has been instrumental in lifting out millions of citizens out of poverty and increasing the productivity of households across the country. This achievement is the result of making poverty reduction and sustainability the central focus of the country's development, and this will remain at the core of Ethiopia's economic growth.