



**Addis Ababa University,  
School of Graduate Studies**

**Ethio-Djibouti Infrastructure Development Cooperation since 1998: Security  
Implications for Ethiopia**

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**August 2020**

**Addis Ababa**

**Ethio-Djibouti Infrastructure Development Cooperation since 1998: Security  
Implications for Ethiopia**

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philosophy in political science**

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Chair of Examining Committee

## Declaration

I hereby declared that this thesis entitled 'Ethio-Djibouti Infrastructure Development Cooperation since 1998: Security Implications for Ethiopia' is original work carried out by the author alone under the guidance and supervision of Dr. Hussien Jemma. The content of the thesis is outcome of research work which has been commenced since the date of approval and all the procedures and guidelines have been followed while preparing the thesis.

Zelalem Tesfay G/Her

Signature \_\_\_\_\_

Place: - Addis Ababa University

Date of Submission: \_\_\_\_\_

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## Abstract

*This study examines Ethio-Djibouti infrastructure development cooperation since 1998, with emphasis on its security implications for Ethiopia. Field data were gathered through key informant interviews. Major findings of the study are the following. Ethiopia and Djibouti have experienced long economic and political relations. Ethiopia is obtaining foreign currency from the energy trade although minimal due to low selling price and smaller amount exported. Besides, the supply of potable water to Djibouti for free regardless of Ethiopia's huge port and demurrage expenses on daily bases is to the advantage of Djibouti. Nonetheless, Ethiopia's submarine optic fiber global network through Djibouti has resulted in reduced telecommunication cost, economic development, as well as, improvement of ICT infrastructure. On the other hand, in view of transit infrastructure, the railway, improved port facilities, development of dry ports in both countries, and multimodal transit system have benefited Ethiopia. Foreign powers' involvement, huge port tax and demurrage costs, inadequate port capacity, poor road standard mainly on the Djibouti side, distance, and inefficient freight forwarding and customs practice have insecurity implications for Ethiopia. As regards multi-sectorial security, the infrastructure linkage has created economic inter dependability, peace, and cooperation between border communities and reinforced social, cultural, and political bond despite hesitance on part of the Djiboutian elite. The infrastructural connectivity has also prospect of enhancing regional infrastructure and economic integration. Paradoxically, Djibouti's port service charge is very high, which does not consider economic returns that it secures from Ethiopia. Besides, Djibouti's trans-shipment business, unpredictability and weak commitment of Djiboutian political elite, military presence of external powers, the Gulf crisis, and Djibouti's concern regarding Ethiopia's alliance with United Arab Emirate, Somaliland, and Eritrea are constraints to the infrastructural development cooperation between Ethiopia and Djibouti. The study concludes that the Ethio-Djibouti infrastructural connectivity has instigated security and insecurity implications for Ethiopia suggesting the need for Ethiopia's diversification of infrastructural linkages mainly land transport and maritime gateway without hurting its current relations with Djibouti, and boost security of the shipping operation by setting navy force at Djibouti. The study calls for further research in a comparative manner that would examine alternative port and transit corridor facilities bearing in mind distance, transit time and cost, capability of maritime logistics, and ramification of geopolitical alignment in the region to address Ethiopia's maritime access security dilemma.*

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## **Acronyms**

AEC -African Economic Community

AfDB -African Development Bank

AU -African Union

CIAO -Critical Infrastructure Assurance Office

COMESA -Common Market for Eastern and Sothern Africa

DMP -Doraleh Multipurpose Port

DPFZA -Djibouti Ports and Free Zone Authority

EASF -East African Standby Force

EAC -East African Community

ECJ -European Court of Justice

ENA -Ethiopian News Agency

ERCA -Ethiopian Revenue and Customs Authority

ESLSE -Ethiopian Shipping and Logistics Service Enterprise

ETC -Ethiopian Telecommunication Corporation

EU- European Union

FANSPS -Foreign Affairs and National Security Policy and Strategy

GCC -Gulf Cooperation Council

GATT -General Agreement on Tariffs and Trade

HAFTA -Horn of Africa Free Trade Area

IGADD -Inter-governmental Authority for Drought and Desertification

IGAD- Intergovernmental Authority for Development

IMDP -Intermodal Dray Port

IOB –International Business Group

LAPSSET -Lammu Port-South Sudan-Ethiopia Transport

MIP -Minimum Regional Integration Plan

MoFED -Minister of Finance and Economic Development

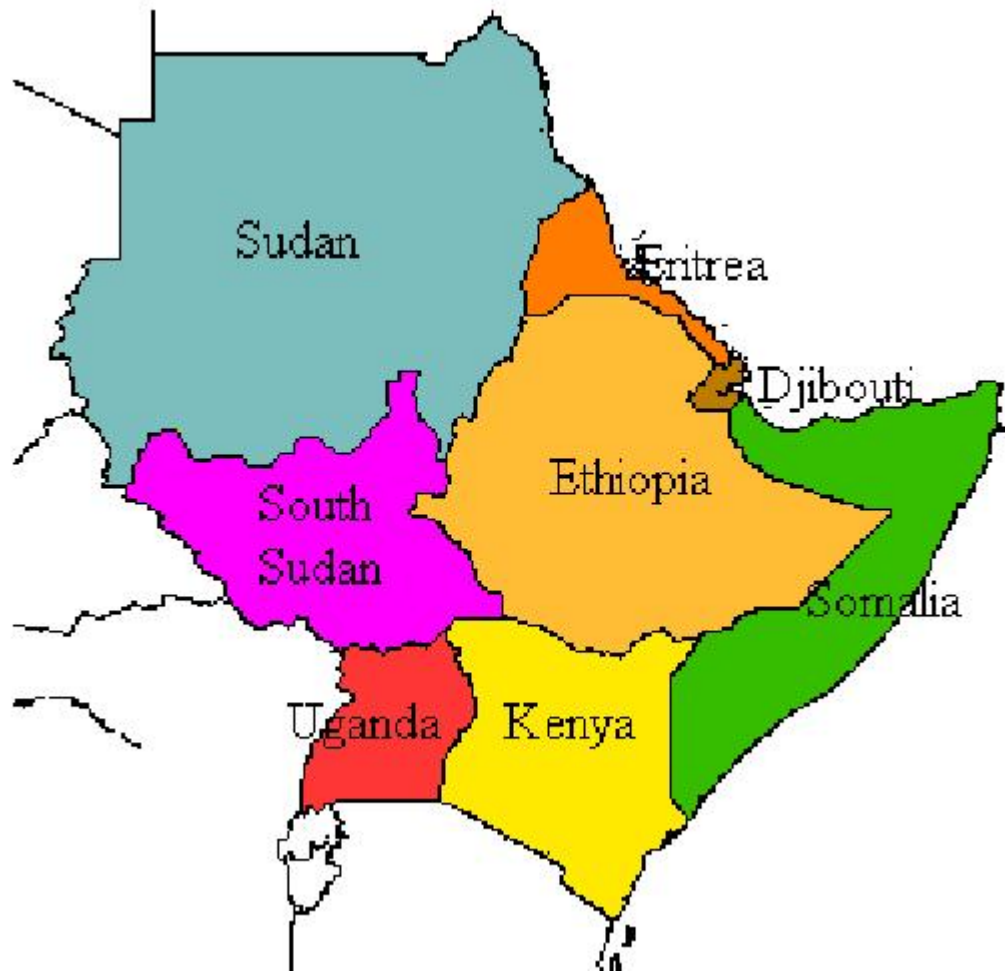
NAFTA -North American Free Trade Agreement

OAU -Organization of African Unity

RECs -Regional Economic Communities

UNECA -The United Nations Economic Commission for Africa

**Figuer1: Map of Greater Horn of Africa**



Source: Arab Atlas

# Chapter One: Introduction

## 1.1. Background

Regionalism as scene of cooperation and integration dates mainly to the Second World War. It has witnessed three successive stages of evolution from 1945-1965, 1965 to 85, and 1985 up to present-day (Fawcett, 2004). As far as Africa is concerned, the Organization of African Unity (OAU) was established in 1963 to enhance regional cooperation and integration. Regional economic communities (RECs) have also been established since the late 1970s (Alemayoh and Haile, 2007). The United Nations Economic Commission for Africa (UNECA) and the African Development Bank (AfDB) were established in 1958 and 1966 respectively had useful role to OAU. The initial objectives of OAU were elevation of unity and solidarity, sovereignty, and development cooperation (Luke, 1986). However, Lee (2002) notes that the goals had been revitalized since the launch of African Union (AU) in 2002. Even though market integration of the European Union (EU) kind has failed,<sup>1</sup> African governments insisted to embrace regionalism as a tool for inclusive development and political stability. Basically, the 1991 Abuja Treaty has been a witness of Africa's determination to exercise economic cooperation and integration arrangement (Fantu, 2002). The main goal of the Treaty was to promote regional economic communities as "building blocks" to form the African Economic Community (AEC) (Nabudere, 2006) as a regional framework (Danso, 1995). This suggests that regionalism as scene of cooperation and integration has got attention through redefining security issues in the continent.

According to Mastewal (2015), infrastructure expansion, market integration, and industrial development are the three major pillars of robust regional cooperation and integration. Yet, African Development Bank (AfDB) (2014) depicts that although it is priority, Africa's infrastructure system is underdeveloped as countries are not well linked through roads, railways, ICT, power systems, and seaports. Hence, poor infrastructure scheme is major predicament to

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<sup>1</sup> See also Lee (2002) who maintains that market integration is the linear progression of degrees of integration beginning with a free trade area (or in some cases a preferential trade area) and ending with total economic integration. The model for such integration is the European Union. The creation of the AEC falls to redress failure of the OAU to meet objectives of the 1980 Lagos Plan of Action, which called for the creation of an economic community in Africa by 2000.

intra and inter-regional trade of Africa. Besides, Okaya (2001) points out that the state controlled economy<sup>2</sup> symbolizing most African states is an additional problem to facilitation of trade in the continent.

Broadly seen, Horn of Africa includes countries such as Djibouti, Ethiopia, Eritrea, Somalia, Kenya, the Sudan (presently Sudan and South Sudan), and Uganda making the IGAD region (Odock, 2013). According to Verhoeven (2011), the region is endowed with rich natural resources that include agricultural, oil, water, renewable energy, as well as, ports on the Red Sea and the Indian Ocean. If the countries work well to develop those resources, the region could be prosperous benefiting its peoples. Currently, there are emerging moves towards infrastructural connectivity. It is in this context that this study explains infrastructure development cooperation in the Horn of Africa with special emphasis on Ethiopia and Djibouti.

According to Solomon (2014), IGAD's effort concerning regional economic integration so far has been insufficient. However, augmented cooperation and investment on critical regional infrastructure projects was central aspect of the IGAD's Minimum Integration Plan. In this regard, the MIP has helped to identify the infrastructural development primacy areas like transport, energy, and telecommunication. IGAD (2012) points that the MIP has reemphasized specific needs of member states in the context of infrastructural linkages as a means for trade facilitation, harmonized policies on natural resource management, and movement of production factors and people in the region. Accordingly, Maalim (2013) reports IGAD's regional infrastructure development package is delegated to particular member states, hence; infrastructural projects are run by Ethiopia. Thus, UNECA (2012) reports that IGAD's role is limited to support, facilitation, resource mobilization, and advocacy of member countries' implementations of infrastructure connectivity projects.

Based on this framework, Ethiopia and Djibouti are engaged on infrastructures development cooperation activities on energy, water, port, and transport to increase their cooperation and integration drives (Zelalem, 2015). Concerning transit infrastructure, Djibouti has been a transit

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<sup>2</sup> See also Okaya (2010) who depicts that in spite of the current political and economic liberalization policies including privatization, the state in Africa still dominates the economy much more than in the industrialized countries.

country for Ethiopia for more than 100 years (Tegene and Alemayehu, 2002). Nonetheless, Styan (2013) notes, Djibouti's strategic position has grown in the past two decades due to the Ethiopian–Eritrean War of 1998–2000,<sup>3</sup> the economic change in Ethiopia, changes in the US strategy in Africa and the Arabian Peninsula since 9/11 terrorist incident, and the rise in piracy along the Gulf of Aden and the Somali coasts. More importantly, Muluken (2014) notes, being the main sea outlet for more than 90 per cent of Ethiopia's international trade after the Ethio-Eritrean war; Djibouti has incessantly expanded its port infrastructure. Moreover, Zelalem (2015) remarks that the independence of the oil-producing South Sudan as a landlocked country has created new domains of cooperation between Djibouti, Ethiopia and South Sudan. In other words, South Sudan too needs to use Port Djibouti, which requires a land link through Ethiopia paving the way for more cooperation among the three countries.

Subsequently, Ethiopia and Djibouti set to be exemplary of economic cooperation mainly in infrastructural linkages in the IGAD region. The two countries have signed agreements to cooperate on renewable energy as a best option for addressing local energy constraints of the two countries (African Development Fund, 2011). Apart from this, the two countries have jointly worked on transit infrastructure linkages like road, railway, and maritime logistics. The Ethio-Djibouti water pipeline project to provide Djibouti with 100,000 cubic meters of water from the Shinele Zone is also vital (Styan, 2013). Equally, Herlihy (2010) remarks that Ethiopia has signed an agreement on optic fiber and micro wave networks to access global broadband fiber connectivity through Djibouti. Therefore, the study aims at examining the Ethio-Djibouti infrastructural development cooperation since 1998 with emphasis on security implications for Ethiopia.

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<sup>3</sup> See also Styan (2013) who upholds that Eritrea's independence from Ethiopia in 1991, and with it the latter's loss of sovereignty over the ports of Massawa and Assab (which used to provide more direct access to highland Ethiopia) initially had a limited impact on trade flows via Djibouti. However, following the war between Ethiopia and Eritrea in 1998–2000, Ethiopia channeled almost all of its imports and exports via Djibouti and relocated its merchant fleet to the Djibouti port.

## 1.2. Statement of the Problem

According to Lee (2002), Moore (2004), and Healy (2011), developing a all-inclusive strategy of regional cooperation and integration that can save Africa from marginalization is still challenging. Although African countries are ambitious,<sup>4</sup> political leaders have low commitment to empower Regional Economic Communities (RECs), support cooperation and integration projects, and boost trust among themselves. Authoritarian tendency of governments, lack of reliable information<sup>5</sup>, self-centric values and interests, jealousy of sovereignty, and foreign interference are problems too. Moreover, (Healy, 2011; Nabudere, 2006; Medhane, 2003; and AfDB, 2014) remarked that African's inadequate infrastructure network led to fragmented intra and inter-regional trade.

In the Horn of Africa, Alemayehu and Haile (2007) note that overlapping membership, lack of financial autonomy, weak policy coordination, and poor private sector partaking are bottlenecks to regional arrangement. Likewise, Solomon (2014) depicts poor political commitment, lack of culture of tolerance and democracy, ideological dissections, inter-state conflict, cross-border security threat, refusal to limit authority, and irregular development strategies are problems to realize robust regional cooperation and integration in the region. Besides, Redie (2014) résumés that misperception and misinterpretations of the past leading to suspicion and mistrust, structural asymmetries of demography, topography, climate, as well as, external powers' involvements are predicaments to cooperation projects in the Horn of Africa. On top of this, Rondos (2016) maintains that mutual destabilization has constrained cooperation among the Horn countries.

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<sup>4</sup> See also Healy (2011) who maintains that Africa has been formally committed to the creation of an African Economic Community since the Organization of African Unity (OAU) adopted the Lagos Plan of Action in 1980. But, the environment for attaining regional integration is challenging because state structures are weak and Africa's political leaders cling to the most conservative principles of statehood and sovereignty.

<sup>5</sup> See also Moore (2004) who upholds that it may thus be inevitable that the focus is on officially recorded information, given that other, unofficial cross-border flows, whether of people, or of goods, are often associated with criminality and illegality.

Nonetheless, there is robust prospective for considerable process of economic and sociopolitical integration in the IGSD region (Solomon, 2014). There are emerging economic, social, and political cooperation attributed to economic and geostrategic interests that have motivated interdependence. The region is endowed with abundant natural and human resources, albeit there is inadequate infrastructure to harvest and distribute those (Rondos, 2016). The countries have the potential to cooperate around natural resources like agricultural, oil, water, renewable energy, and seaports (Verhoeven, 2011). Solomon (2014) remarks the three landlocked IGAD countries, namely Ethiopia, Uganda, and South Sudan need maritime access critically encouraging regional integration. In line with this, Medhane (2003) remarks that there are core motives around resources that can change the long lasted hostile relations between the countries into cooperation.<sup>6</sup> It is against this background that this study examines Ethio-Djibouti infrastructural cooperation since 1998 and its implications for Ethiopia.

Sebuny (2015) depicts that Ethiopia and Djibouti have infrastructure linkages that include energy trade, water supply, transport (railway and road), telecommunication, and seaport. In the view of Muluken (2014), Ethiopia and Djibouti set to be exemplary of economic cooperation in the IGAD region mainly on infrastructural networks. Styan (2013) notes that transit infrastructure linkages between Ethiopia and Djibouti are valuable. The infrastructural connectivity between the two countries has become warmer after the 1998-2000 Ethio-Eritrea war, when Ethiopia fully shifted towards using Djibouti ports. Djibouti's economy mainly depends on port activity on which Ethiopia deeply depends. Hence, the infrastructure connectivity is cognizant of mutual multifaceted security benefit considering Djibouti's relative advantage on port service and better maritime logistics and Ethiopia's growing import-export demand to use Djibouti ports, electrified railway, and water and energy supply to Djibouti. However, securing the intended reciprocal security return from the multifaceted infrastructural linkages for Ethiopia looks problematic.

There are literatures as regards to regionalism at continental level such as (Alemayehu and Haile, 2007; African Development Bank, 2014; Lee, 2002; Luke, 1986; Moor, 2004; Mwashu, 2011;

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<sup>6</sup> See also Medhane (2003) who maintains that the European Union which started from a humble beginning as the European Coal and Steel Community in 1951 is one clear testimony.

Simuyemba, 2000) among others. There are also some works on economic cooperation and integration in the IGAD region and the Horn of Africa specific such as (Alemu, 2005; Ali and Edris, 2013; Healy, 2011; Love, 2009; Medhane, 2003; Redie, 2014; Rondos, 2016; Solomon, 2014; Styan, 2013; Tilahun, 2014). Nonetheless, to the best of my knowledge, all these review regional cooperation and integration in a broader spectrum without stressing cross-border infrastructure development cooperation. In other words, study on inter-state infrastructure connectivity in the Horn of Africa is still minimal with the exception of one research done by Verhoeven (2011) targeting oil and water cooperation between Ethiopia and Sudan.

This study intends to address this gap in literature by exploring multi-sectorial security implications of the Ethio-Djibouti multifaceted infrastructural development cooperation for Ethiopia and implications to the IGAD region. By doing so, this study would add new perspectives on understanding the Ethio-Djibouti infrastructure development cooperation since 1998 with a focus on security implications for Ethiopia.

### **1.3. Core Argument**

The core argument of this study is that the multifaceted Ethio-Djibouti infrastructural development cooperation since 1998 has multifaceted security implication for Ethiopia. Nonetheless, there are constraints triggering insecurity ramifications to the disadvantage of the country.

### **1.4. Objectives**

The overall objective of this study is to examine the Ethio-Djibouti infrastructure development cooperation since 1998 with emphasis on security implications for Ethiopia. The study has the following specific objectives:

- To assess the Ethio-Djibouti economic and political relations in historical context;
- To examine economic implications of the Ethio-Djibouti multifaceted infrastructure development cooperation for Ethiopia; and
- To review multi-sectorial security implications of the Ethio-Djibouti infrastructure development cooperation for Ethiopia in terms of prospects and challenges.

## **1.5. Research Questions**

The core research question of the study is that what security implication does the Ethio-Djibouti infrastructure development cooperation has for Ethiopia. The study attempts to answer the following specific research questions:

- What is the historical context of Ethio-Djibouti economic and political relations?
- What are the economic implications of the Ethio-Djibouti multifaceted infrastructure development cooperation?
- What are the multi-sectorial security implications of the Ethio-Djibouti infrastructure development cooperation viewed in terms of prospects and challenges?

## **1.6. Methodology and Methods**

### **1.6.1. Methodology**

This study has employed a qualitative methodology, which intends to make use of interpretative and analytical aspects. The choice of qualitative approach is for different reasons. First, it enables a researcher get comprehensive knowledge about the subject under study. Qualitative study examines a social phenomenon through inductive reasoning, broad, and all inclusive description (Creswell, 2009). Secondly, qualitative approach enable researchers generate an in-depth data from key informants (Dawson, 2007). In other words, when a new phenomenon is needed to be understood in depth, it attracts a qualitative approach (Creswell, 2009). In this regard, Ethiopia and Djibouti are symbolizing best practice on infrastructure connectivity in the IGAD region, which can be considered as an experience necessitating a qualitative approach. Thirdly, as qualitative research is carried out in a ‘natural setting’ (Creswell, 2003), it has enabled me to personally consult my key informants in their work place. Hence, using this approach, I reviewed multi-sectorial security implications of Ethio-Djibouti infrastructure bonds since 1998 for Ethiopian.

The fourth explanation for using qualitative approach to this study concerns the fact it applies purposive sampling and generates ‘non-numerical’ data through in-depth interviews. Besides,

questions in qualitative study are open-ended to include ‘How’ and ‘Why’ (Dawson, 2007). Accordingly, I have applied purposive (judgmental) sampling and used semi-structured open-ended interview questions to the selected key informants. Fifth, qualitative approach is interpretative as the best way for explaining and grasping participants meaning ascribed to a phenomenon, in this case, the Ethio-Djibouti infrastructure linkages. Finally, qualitative approach is also appropriate to build a good rapport and trustworthiness with key informants (Creswell, 2009), which helped me to explore their opinions, attitudes, and experiences as related to the study topic.

To this effect, I used case study research design with interpretative and analytical techniques for the following reasons. First, case study strategy enables a researcher explore a program, an emerging issue, an activity, and a process in an in-depth manner (in this case the Ethio-Djibouti infrastructure connectivity). A strong aspect of a case study design is that researchers gather data consulting multiple data sources and using a variety of instruments through a continued contact (*Ibid*, 2009). Secondly, case study is informative that enables research participants come up with rich explanation of a phenomenon from their view point making complex realities understandable. Thus, the logic behind choosing case study design is for sake of depth rather than extensive coverage. It uses different methods such as face to face interviews, documentary analysis, and observation (Somekh and Lewin, 2005). In short, case study design helps examine the subject under study in a detailed and contextual manner (Bhattacharjee, 2012).

## **1.6.2. Methods: Sources of Data and Instruments of Data Collection**

### **1.6.2.1. Sources of Data**

Data for this study was gathered from both primary and secondary sources. Secondary sources included books, journal articles, archival materials, and electronic publications, English and Amharic newspapers, media reports, conference and working papers. Primary sources comprised key informants from relevant government authorities and experts from Ethiopia that comprised Ministry of Trade, Ministry of Foreign Affairs, Ministry of Transport, Ministry of Water and Energy, Ethiopian Customs and Revenue Authority, Ethiopian Electric Power Corporation, Ethiopian Maritime Affairs Authority, Ethiopian Transport Authority, Ethiopian Railways

Corporation, Ethiopian Road Authority, Ethiopian Shipping Logistics Service Enterprise, Ethio-Djibouti water supply Project Office, Ethiopian Revenue and Customs Authority Galafi Office, Ethiopian Revenue and Customs Office at Semera Dry Port, Ethiopian Maritime Transport Logistics Office at the Semera dray port have been interviewed. In addition, I have interviewed private transit agencies and heavy truck drivers, academia, and pertinent experts from IGAD Security Sector Program and Conflict Early Warning. Moreover, some contending political party elites of Ethiopia such as Ethiopian People Revolutionary Democratic Front, Ethiopian Federal Democratic Unity Forum, and the Blue Party were interviewed to triangulate the data obtained from the government bodies.

As regards secondary sources of data, documentary data was collected in conjunction with key informant interviews, so as to, enrich the data. The sources ranged from research reports to government records, letters, print and electronic media reports, institutional memoranda and reports, government pronouncements, peer reviewed journals and social and economic surveys. Creswell (2003), categorizes the documents into two; namely public documents (newspapers, minutes, official reports) and private (private newspapers, journal articles, letters, e-mails). In this way, reliable data from both primary and secondary data sources have been reviewed to explore multi-sectorial security implications of Ethio-Djibouti infrastructure bonds since 1998 from Ethiopia's perspective.

To enhance strength and validity of the data collected, triangulation is necessary. While a single source of data cannot sufficiently explore a phenomenon, the multiple data sources facilitate deep understanding of an issue under study. Methodologically, triangulation refers to a combined application of two or more data sources in a study as multiple sources would provide more insight into phenomena investigated. It reduces vagueness and limitations through verification of data to increase validity through incorporating numerous viewpoints (Yeasmin and Rahman, 2012). Hence, triangulation has been accomplished through cross checking empirical data obtained through key informant interviews and reviewed documents.

### **1.6.2.2. Instruments of Data Collection**

Field data for this study were collected through key informant interviews. Face-to-face in-depth interview is important to explore opinions, attitudes, and experiences of participants pertinent to the issue under study (Dawson, 2007). Key informant interview was more appropriate because of flexibility in letting interviewees feel motivated. It was helpful to convey importance and credibility of the study, while at same time helping me ask for further elaboration and explanation. Employing semi-structured interview technique, which is the most typically used in qualitative social research, helped me generate themes, as well as, compare and contrast specific information gathered. I conducted face-to-face interviews with the key informants. I have constructed a semi-structured and open-ended interview guide/checklist to cover pertinent issues. Hence, I was able to update and revise the interview guide so that emerging pertinent data could result in successive interviews as analyzing data in qualitative research is continuous. After establishing a good rapport with the key informants and the interviews progressed, I have further asked questions and probed for more clarity, elaboration, and extra information.

### **1.6.3. Sampling Procedures**

The rationale behind qualitative research is purposefully choosing participants that do not necessitate selecting large number of people through random sampling (Creswell, 2003). In qualitative researches, description of what is happening within smaller number of participants to provide an insight to wider research population is the goal rather than consulting large sample size and generalizing to the whole population (Dawson, 2007). To this effect, I used purposive (judgmental) sampling procedure as it is crucial to find knowledgeable and experienced informants for interviews.

I have chosen this sampling procedure to explore the problem under study well with the required data. I applied the elite-interview selecting technique to mean choosing key respondents whom I believed to have the relevant expertise, experiences, and appropriate knowledge on the topic. This sampling procedure enabled me to obtain relevant data to the topic under study from resourceful, experienced, and knowledgeable people. In so doing, key informant interview was

conducted with selected informants who shared their experiences, insights, knowledge, and opinions in their own words regarding multi-sectorial security implications of the Ethio-Djibouti infrastructure connectivity since 1998 for Ethiopia.

#### **1.6.4. Data Recording, Transcription, and Analysis**

##### **1.6.4.1. Data Recording and Transcription**

In this study, I have used electronic devices like digital voice recorder and note taking alternatively to record interviews based on consent of my key informants. Furthermore, as transcription is central process in qualitative research, each interview was carefully transcribed into text document as conducive as possible for analysis.

##### **1.6.4.2. Data Analysis**

Data analysis is the process of creating meaning out of text and image data. It is all about examining, comparing and contrasting, and interpreting important issues or themes. This study has applied qualitative method of data analysis. As qualitative research is basically interpretative and contextual (Creswell, 2003), I have made analysis and description of data for themes ultimately drawing conclusions from the meanings. Further, as qualitative data analysis is continuous processes till the ends of data collection, it enabled me refine and adjust the findings in light of newly emerging themes and adjust the data collection instruments based on the themes forthcoming from temporary data analysis (Bhattacharjee, 2012).

Creswell (2003) remarks data analysis in a case study includes articulation of a detailed interpretation of participants' idea followed by analysis based on themes. For Dawson (2007), thematic analysis is a technique to analyze qualitative data by "themes" or issues generated from the data vital for the researcher to analyze in an inductive manner. Closely related to and is mostly applied in one study with thematic analysis is triangulation. Concerning this study, I have applied interpretative thematic analysis. I read documents and listen to a body of interviews and then summarized, cleaned the data and interpreted what is there thematically. I have also

compared and contrasted data generated from different sources during analysis to boost viability of findings. To that effect, I prepared an interview summary form for each interview to ease the analysis process. The interview summary included practical details regarding time, place, and content of the interviews. Data was analyzed inductively; hence, generalizations were drawn based on relations among the emerging themes.

### **1.7. Ethical Considerations**

The following ethical considerations have been applied to the data sources in conducting this study. I have planned to ensure important ethical issues such as informed consent, voluntary participation, confidentiality, and transparency, while conducting interviews with my key informants. My informants were generally interested to be interviewed and I managed to attain oral consent that their opinion would not be used without their consent. As regards confidentiality, data providers' privacy was ensured and their names and identities were not mentioned, as some of them asked for confidentiality. Moreover, I clarified to the informants that the study is for academic purpose.

### **1.8. Significance of the study**

This study has reviewed security implications of the Ethio-Djibouti infrastructure development cooperation since 1998 from Ethiopia's perspective. Accordingly, the study would contribute to better understanding of the issue under study in a manner of helping future academic researches. Likewise, the study has policy significance mainly to policy makers of Ethiopia. It would help in warning government authorities and practitioners to work on policy harmonization for further enhanced regional infrastructure development cooperation in the Horn of Africa to address multi-sectorial security dilemmas of Ethiopia.

### **1.9. Scope of the Study**

The study has examined the Ethio-Djibouti infrastructure development cooperation since 1998 with an emphasis on security implications for Ethiopia. Ethiopia and Djibouti were focus areas of the study as the two countries have witnessed exemplary economic relation as compared to

other IGAD countries mainly on infrastructural linkages such as electric interconnection, water supply, telecom connectivity, and transit infrastructure like railway, road, port and maritime logistics.

### **1.10. Limitation of the Study**

At the outset, I was ambitious to collect empirical data from both Ethiopia and Djibouti sides, so that, the study would be comprehensive. However, I encountered constraints to collect data from the Djibouti counterpart. I realized that respondents in the Embassy of Djibouti were completely unwilling to provide me data seeing the topic as very sensitive, as well as, to the interest of Ethiopia. I was also informed by experts well acquainted to Djibouti that getting data on security issues from them is challenging. As a consequent, I was obliged to confining the study to the Ethiopia's perspective.

### **1.11. Organization of the Study**

The study is organized into six chapters. The first chapter deals with introduction that includes background, problem statement, core argument, objectives, methodology and method of data collection among others. The second chapter is devoted to conceptual and theoretical perspectives focusing mainly on theories of regionalism and approaches to regional cooperation and integration. The third chapter examines political and economic relations of Ethiopia and Djibouti in a historical context. The fourth chapter is concerned with economic implications of the overall Ethio-Djibouti infrastructure development cooperation from Ethiopia's perspective. The fifth chapter reviews multi-sectorial security implications of the infrastructural connectivity between the two countries in terms of prospects and challenges. Finally, the study would end with concluding remarks.

## Chapter Two: Conceptual and Theoretical Perspectives

### 2.1. Conceptual Perspectives

According to Söderbaum (2013), 'regions' and 'regionalism' are central to global politics and policy discussion today. Accordingly, Fawcett (2004) notes region, regionalism, regionalization, and globalization are subject to different views though attempts have been made by scholars to define them. Narrowly defined, while region refers to physically close and mutually dependent states, regionalism goes to formal cooperation and integration between and among states. Nonetheless, the geographic criterion is not the only factor to define region, regionalism and regionalization in the current more interdependent and globalized world.

#### 2.1.1. Region

According to Söderbaum (2013), regions are central to the working of global affairs ranging from trade to conflict management making part of 'world order'. In the view of Mansfield and Milner (1999), the definition of region centers mainly on geographic closeness as an assembly of countries situated in a specific geographic area. In this regard, Kacowicz (1999) notes that region refers to specific groups of countries geographically connected with some level of economic, political, and military relations. However, Mansfield and Milner (1999) note while region mostly refers to cluster of neighboring countries, which areas exactly make up a 'region', is still problematic. For instance, some consider Asia-Pacific as one region, while others take it as a union of two regions and still others as more than two regions<sup>7</sup>.

On the other hand, some scholars define region largely in terms of factors other than geography that include resource, religion, culture, economic base, language, and political history as marks for identity creation. Accordingly, Kacowicz (1999) notes some level of social and cultural

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<sup>7</sup> See Mansfield and Milner (1999), a region implies more than just close physical proximity among the constituent states. The United States and Russia, for instance, are rarely considered inhabitants of the same region, even though Russia's eastern coast is very close to Alaska of USA.

sameness, similar political outlook towards third parties, common political institution, some degree of economic interdependence, and shared norms as regards to conflict management and resolution are usually common features. In this regard, states sharing common identity can be included in a region regardless of their geographic proximity as for instance the regional grouping between France and Francophone countries is due to linguistic similarities. Accordingly, Söderbaum (2013) notes regions are socially constructed and politically contested due to crowd of policies and ideas that may merge, intermingle, and clash. Furthermore, Mansfield and Milner (1999) remark a region can be understood in the context of economic agreements and engagements. For example the case of the United States-Israel Free Trade Area is a region considered in economic terms. This implies that regions are resultant of state and non-state actors through joint action and identity formation.

### **2.1.2. Nexus of Regionalism and Regionalization/Globalization**

According to Mansfield and Milner (1999), ‘regionalism’ and ‘regionalization’ are not one and the same. While the later refers to regional focused of economic flow; the former is a political process featured by policy harmonization and cooperation among member countries to a regional organization. For Redie (2014), regionalism is mostly understood as system of regional planning. By the same token, Kim (2004) argues, as ‘globalism’ is not the same as ‘globalization’; regionalism is not the same as regionalization. Like globalism, regionalism is a ‘normative’ concept denoting shared values, norms, identity, and interests. Whereas, regionalization like that of globalization, refers to market driven processes of investment and trade integration by international companies rather than prearranged national or government strategies. In this regard, in the view of Kacowicz (1999), regionalism is careful engagement of government and people of two or more countries to come together in the direction of economic and political integration.

Regionalism is not a new concept<sup>8</sup> albeit viewed by economists, political scientists, and sociologists in different contexts. The term often comes into view in the study of regional cooperation, integration, and regional organizations. It refers to state-led scheme of cooperation

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<sup>8</sup> See Yi (2007) who depicts regional cooperation and regionalism have proliferated, from the remarkable regional integration in Europe since the 1950s, to a new worldwide resurgence since the late 1980s.

resulted from inter-state dialogue and agreements (Yi, 2007). In this regard, Mansfield and Milner (1999) note regionalism manifests itself in ‘preferential trade’ activities among states ending with market assimilation (for example, European Union). Moreover, cooperation and/or integration in a particular region are most viable more likely to be achieved quickly than at global scale which is unmanageable. Because, to deal with shared problems, region is the right locations for cooperation. In other words, regionalism is a move by groups of countries to improve interstate economic, political, social, or cultural interactions.

More importantly, Yi (2007) has come up with a broad definition of regionalism as follows. Firstly, it refers to coordination of shared interests among countries after realizing rooms for mutual dependence. Secondly, it has to do with joint perceptions, identities, and ideas towards creating regional awareness and belongingness. Thirdly, it refers to creation of norms and joint obligations to guide behavior and relations between state and non-state actors in a particular region. Finally, it implies to the ‘normative’ practices by either state (political elites) or the academia regarding regional approach to deal with human problems in a region. Furthermore, Kacowicz (1999) remarks ‘new regionalism’ has emerged during the post-Cold War due to shift of global economic power, unfair effects of globalization, and move of developing countries towards outward economic policies. In other words, Chang (2007) depicts that regionalism has become ‘modus-operandi’ of the international system due to replacement of ideological and military conflict with that of economic interdependence.

Baldwin (1997) remarks there are two types of regional arrangements known as ‘deep and shallow’. The deep regionalism typifies the European Union (EU) single market and the Maastricht Treaty.<sup>9</sup> The second is characterized by regional free trade agreements. The US-Canada Free Trade Area, US- Israel Free Trade Area, North American Free Trade Area (NAFTA) and other regional schemes in Asia and Africa are best instances. Likewise, Söderbaum (2013) referred this typology to the African, Asian, and Latin American context as ‘shadow regionalism’ (informal way of regional integration). This regionalism focuses on

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<sup>9</sup> According to the Maastricht Treaty (*Ibid*, 1997) Member states cannot freely choose their state-aids policy, competition policy, or indirect taxation (VAT) rates. All these restrictions are supervised by supranational European Commission and can be enforced by the supranational European Court of Justice.

informal strategies of political elites in fragile countries who need to fortify government's formal position, sovereignty, and legitimacy; hence execution of agreed policies is not the main purpose.

Finally, Baiassa (1961) argues that besides economic; regionalism also has a political role in ensuring stability and political union. For example, economic cooperation on coal and steel in Europe had political objective. The political was principal than economic success as it has played conflict prevention role in avoiding future war by creating powerful Europe. In line with this, Uvalic (2002) argues the main objective of cooperation in Europe were peace, stability, and economic development.<sup>10</sup> This implies that regionalism is conceivable tool to ensure inclusive development, political, and military security.

In connection to globalization, the major debate is on whether regionalism leads to “polarized” trade or multilateral trading system (Griffiths, *et al*, 2008). Some argue that old regionalism has been immature as regards international trade compared to the present World Trade Organization (WTO) which enjoys wider and well established power (Uvalik, 2002). Conversely, as scope of regional initiatives increase, the nexus between regionalism and globalization is becoming complex (Griffiths, *et al*, 2008). So, Mittelman (2000) remarks regionalism is viewed either as building or hesitant blocks to the multilateral global trade or globalization. However, the ‘new regionalism’ has regarded regional cooperation and integration as building block of globalization. Moreover, Griffiths, *et al*, (2008) pointed out that unlike the old, which is denoted by ‘protectionism’, the new regionalism emerged as a powerful force of globalization triggering both regional and global economic flows. In other words, Kacowicz (1999) remarks regionalism makes part of global economic system through helping national economies to be more competitive in the world market. Besides, Uvalic (2002) points out that parallel existence of regionalism and globalization gives fresh impetus to the trading blocks that had remained latent for several decades.

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<sup>10</sup> See Uvalic (2002) Regional cooperation has been actively promoted by major pan-European organizations and institutions, including the Organization for Security and Cooperation in Europe (OSCE), the UN Economic Commission for Europe (UNECE), the Council of Europe, and the European Union (EU).

Further, Griffiths *et al* (2008) note regional schemes are important for the following three reasons. Firstly, regional organizations can raise the awareness of interdependence between trading parties so that governments adapt international rules. Secondly, as regional organizations face similar challenges like that of multilateral trading system, the experiences gained from regional negotiations help to address problems that are encountered in multilateral relations. Thirdly, growing inter-regional cooperation can enhance global economic interaction. For example, the more the three major trade blocks of Asia, Europe, and North America cooperate, the more world economy will be integrated. This suggests that regionalism and globalization have mutually reinforcing relation.

Conversely, Mansfield and Milner (1999) depict that some fear that regional economic arrangements like the European Union (EU), the North American Free Trade Agreement (NAFTA) and the Organization of Asia-Pacific Economic Cooperation are initiatives aimed to defy globalization inspiring 'isolationism' and conflict. In other words, Kacowicz (1999) remarks the resolve to regionalism might come to react against the nebulous, unfair, and inflexible rules of globalization. Equally, regional cooperation and integration could be encouraged to discard single universal culture and ideology.

### **2.1.3. Conceptualizing Regional Infrastructure Scheme**

The definition of infrastructure ranges from 'physical or hard' to 'non-physical or soft'. While the former refers to transport, energy, cable (telephone and internet), and basic utilities such as water supply, hospitals and health clinics, irrigation etc.; the later has to do with such as strategy, regulatory, institutional structures, systems and procedures, and social webs (United Nation Office of the Special Adviser on Africa, 2013). Equally, infrastructure is defined by the Critical Infrastructure Assurance Office (CIAO) as basis of mutually dependent linkages comprising industries, institutions, and reliable flow of products and services essential to economic and military security of states. Accordingly, eight critical parts of infrastructure are identified namely telecommunications, electric power, natural gas and oil, banking and finance, transportation, water supply systems, government services, and emergency services (Rinaldi, *et al*, 2001). Apart from this, the United Nation Office of the Special Adviser on Africa (2013) defined

infrastructure as economic and social categories albeit interrelated. The economic one includes transport, power, information and communication, and irrigation. And the social one encompasses like water and sanitation.

Geographic wise, De (2009) remarks infrastructure can be categorized into two components as national (domestic) and international (regional) infrastructure. According to Diamond and Spence (1984), recognizing regional infrastructure's role in inspiring economic growth is not new. Economic theory shows that there is strong connection between infrastructure and economic development as it lessens cost of production. In this regard, the potentials for economic development are either through extra capacity of infrastructure or shortage of infrastructure. While the former has direct capabilities of inspiring development, the latter is thought to encourage utilization of appropriate infrastructure. In this regard, De (2009) notes that transport infrastructure linking nearby countries, for instance, increases market size assisting national economy to grow through enhanced trade and production. Equally, presence of improved regional infrastructure linkage plays key role in boosting global trade and investment, as well as, enhance regional cooperation and integration.

In line with this, in the view of Bhattacharya *et al* (2015), infrastructure is crucial drive of economic growth, development, investment, urbanization, and ecological sustainability. A well planned and developed infrastructure is helpful to integrate marginalized people and pastoralists by enhancing their economic participation and consumption, ensuring affordability and financial wellbeing of poor households (African Development Bank, 2014). Apart from this, efficient regional infrastructure integrates countries in a region by facilitating improved transmission of resources, free flow of goods and factors of production across borders (De, 2009). This suggests that improved intra and inter-regional trade and investment, reduction of transport cost, and increment of national income are tips of regional infrastructure system. As this study aims at examining Ethio-Djibouti infrastructure development cooperation since 1998 with focus on security implications from Ethiopia's perspective, physical economic and social cross-border infrastructure linkages between the two countries is considered.

Although not consistent, several study findings depict that there is a positive relation between various types of infrastructure and economic growth and income distribution. Investments on transport (road, railway, port, and airport) seem to have great effects on economic development. In other words, a developed infrastructure reduces production and transaction costs, connect underdeveloped areas with developed one, and create job opportunities (IOB, 2009). As regards absence of robust regional infrastructure, for example, Klaesi (1994) mentions a conference revealing shipping between Europe and Africa three fold expensive as same distance somewhere else. This makes Africa's imported items costly and export non-competitive creating grave difficulty to the continent's development. So, Simuyemba (2000) depicts that cross-border infrastructure are appropriate to inspire inclusive regional development. Equally, it has been encouraged to deal with military and political concerns of countries in a particular region. For example, development of cross boundary infrastructure in the United States was motivated by military considerations in addition to economic goals. This implies that regional infrastructure development cooperation is vital to economic, political, military, social, and ecological security concerns of communities and states in a particular region.

## **2.2. Theoretical Perspectives of Regionalism**

### **2.2.1. Regional Cooperation**

Sovereign states in a particular region prefer to involve into cooperation so as to shape mutual trust among elites and create adequate mutual dependence before an integration scheme (Schmitter, 2007). Regional cooperation is agreed arrangement between two or more countries of a particular region or sub-region to coordinate policies and actions to assure mutual benefits or interests (Lee, 2002). Schmitter (2007) remarks that any form of cooperation among sovereign states is "symbolic" as decisions are made by unanimity and members can enter and withdraw into the cooperation easily. Regional cooperation may or may not be embedded in typical organizations. Hence, faithfulness to the cooperation arrangement at large is negligible. Cooperative actions in a regional cooperation agreement are uneven and are confined to prearranged interests of the parties. Hence, it is when an organization attains capacity to initiate a proposal, make decisions, and implement policies that we can say regional scheme transfers

itself from cooperation to integration. Those assertions imply that regional cooperation is subordinate stage of regional integration.

Regional cooperation has been considered as a tool for economic growth and political stability in a given region for long. It supports development of regional infrastructure networks, which are especially crucial for land-locked countries not only to increase linkage within a region but also to access global markets (Linn and Pidufala, 2008). In other words, Redie (2014) remarks building of communication infrastructures like railway, road, air, and seaport linkages can encourage economic integration as it brings people together through trade, travel, and immigration. Lee (2002) depicts that implementation of joint projects, technical sector cooperation, common administration of services and policy harmonization, joint development of natural resources, and joint promotion of production are among the activities of regional cooperation. In line with this, Fantu (2002) notes that regional cooperation refers to a situation where countries share resources, technology or expertise, initiate joint projects, and jointly act in external economic relations.

Under regional cooperation, the objective is to minimize discernment among members although loyalty of members to agreements is weak (Baiassa, 1961). On the other hand, economic integration refers to a process of either full or partial merging of economies of individual countries (Fantu, 2002). For instance, Baiassa (1961) argues that while international trade policy agreements refer to cooperation, removal of trade barriers is a crucial act of economic integration. Moreover, as Linn and Pidufala (2008: 4) quoting Schiff and Winters (2002) argue, as different from regional integration, regional cooperation has the following three drawbacks:

- a) Countries are sometimes unwilling to cooperate because of national pride, political tensions, lack of trust, high coordination costs among a large number of countries, or the asymmetric distribution of costs and benefits;
- b) There are strong incentives to behave strategically in one-off negotiations;
- c) International and regional cooperation agreements are typically harder to achieve than national ones, because, given the absence of courts or higher authorities to which to appeal, the enforcement of property rights is ambiguous and weak at the international level...

### **2.2.2. Regional Integration**

Redie (2014) notes that regional integration assumes transcending of socio-political life beyond the state's territorial limit that requires creation of international organization endorsing regional identity, citizenship, and loyalty. Accordingly, it challenges sovereignty of the nation state finally weakening its authority compelling to hesitantly join the arrangement. Hence, reluctance and resistance to submit state's power to regional institution is principal challenge of regionalism. Traditionally, Jouanjean (2015) depicts regional integration was confined to economic factors such as merchandises, labor, capital markets, and fiscal policies. Today, employment, natural resource management, health, military security, education, and infrastructure are included.

Regional integration embraces institutions established by member countries that can overcome difficulties of regional cooperation scheme (Linn and Pidufala, 2008). It is a process of 'institutionalization' of regional initiative by a group of countries to achieve strategic goals which are unachievable individually. It includes series of activities like development of formal and informal institutions to guarantee preferences and strategic choices of member states. While the formal include constitution, courts, executive, and legislative institutions, the informal one are conventions, scripts that tend to be developed slowly, which are helpful to smooth functioning of administrative processes. Objective of regional integration is usually apparent in the founding statements subject to changing political, economic, social and selected issue for regional action (Annett, 2010). This implies that regional integration is a process of institutionalization of common economic, political, and socio-cultural security issues assumed by states within a particular region.

The main criterion for formation of regional integration scheme is prospects of benefit to member countries of the group. The parties also meet greater cost like limiting sovereign power being adapted to new rules. Nonetheless, involvement of the members is likely if the value of regional integration is greater than the costs it incurred. Hence, membership into a regional integration arrangement is based on good will of the members although withdrawal from

membership is costly (Krapohl, 2008). According to Annett (2010: 5), some among the necessary but not sufficient triggering factors for regional integration include:-

- a) Dramatic changes to the external international or regional environment;
- b) An emerging elite consensus within the region on policy areas of high economic or political salience;
- c) The need to increase economic productivity across the region; or
- d) A need to represent the profile, preferences or strategies of the region to external actors.

Furthermore, regional integration refers to special economic activities involving differential trade dealings of member states as opposed to non-members. It involves elimination of trade barriers and a transferal of economic policies from state level to supranational or regional level (Mshomba, 2000). According to Linn and Pidufala (2008), the regional organizations can serve as a framework for building mutual trust through dialogue and negotiations. It is a venue for setting realistic rules of commitment and tools of execution, supervision, negotiation, conflict resolution, distribution of benefits and costs, capacity building, and mobilizing resources. So, in the view of Schmitter (2007), regional integration is a voluntary surrender of sovereignty to a capable higher agent that can make decisions short of undisputed agreement of member countries. In other words, decisions could be made against disobedient fellow countries by eligible or simple majority vote. This suggests that transferring of members' sovereignty forces obedience of decisions against consent of some defiant member states.

### **2.3. Theoretical Approaches of Regional Cooperation and Integration**

According to Fawcett (2004), political science and international relations encompasses various approaches to explain cooperation and integration between/among countries. Nonetheless, Krapohl (2008) notes that the problem of regionalism outside Europe is that the theoretical approaches developed in the European context are not applicable in other regions. This is because the economic and political basics across all regions broadly differ. For the purpose of this study, political science and international relations approaches to regional cooperation and

integration that include liberal internationalism (functionalism and neo-functionalism, liberal inter-governmentalism, and liberal institutionalism/supranationalism), constructivism, and realist inter-governmentalism, will be discussed in the next section.

### **2.3.1 Liberal-internationalism**

According to MacMillan (2007), liberal thought of political economy arose as critics to 'mercantilism' which links economic relations to pursuit of state power through increasing export and reducing imports. Conversely, liberal proponents inclined to consider international relations as a function of local political dynamics. Liberalists like Adam Smith claimed that the drive of national economic activity must be to upsurge wealth through 'division of labor' guided by market rather than state involvement. Outwardly, free trade would maximize wealth of countries nurturing ties, interdependence, and peace between peoples. Liberal-internationalism has elevated to systematized global reform alongside 'Woodrow Wilson's Fourteen Points' that planned to create peaceful post-World war I. Isioma (2015) points as a theory of international relations, liberalism maintains that law, morality, and international institutions can be basis for interstate relations. Accordingly, MacMillan (2007) remarks liberalists advocate 'liberal peace' through open diplomacy, free trade, demilitarization, peaceful conflict resolution, and creation of global security organizations. In so doing, Weber (2005) notes liberalism reflects alteration of world politics from conflictual to cooperative. In other words, global anarchy can be substituted by cooperative social relations among sovereign states.

#### **2.3.1.1. Functionalism and Neo-Functionalism**

Functionalism and neo-functionalism are long known models of regional cooperation and integration that claim pleasant relations between states to boost international trade (Söderbaum, 2013). The concept functionalism must be conceived in the context of cooperation and integration among states which has been applied in Western Europe. Particularly, in the 1940s and 1950s, it had been the best instrument to bring counties together and deal with cross-border issues (Griffiths, *et al*, 2008). The pioneer of the theory Mitrany developed functionalism so as to attain social peace and prosperity in Europe through inter-state cooperation (Popoviciu, 2010).

According to Senghor (1990), one school of thought argues that the main goal of functionalism is building a “supranational” authority through either reducing responsibility of the state or eliminating sovereign nations though hardly realistic. The other argument which seems acceptable is that the objective of functional integration is establishing a global community by tying countries through functional relations without dissolving the nation state. The rationale behind functionalism is advancement of interstate economic and social cooperation as helpful to deal with political conflicts.

Accordingly, functionalism anticipates a steady weakening of sovereignty and a gradual ‘working peace system’ by way of governments transfer of functional tasks to international organizations with full mandates (Griffiths, *et al*, 2008). It supposes supremacy of social, economic welfare, and technology over political power affairs. In this view, social and economic needs determine the scope, level, and nature of regional organizations. In this regard, grave political motives are immaterial. Hence, practical integration process demands agreements on sensible goals refrained from power politics. Such areas of consensus are referred to as procedural or well-being leaning to imply aspects of human needs, which are ‘non-political’ (Hooghe and Marks, 2006). Hence, functionalists have underestimated the twin nature of economy and politics. Furthermore, in its real sense the argument of eliminating states as a political entity and weakening the traditional notion of sovereign state is practically difficult to achieve.

Functionalism and neo-functionalism do have many commonalities on like emphasis on economic, social and technological welfare, technical cooperation and liberal pluralistic social settings (Senghor, 1990). Functionalism had been criticized by neo-functionalism that dominated the debate over European integration since the 1950s up to the early 1990s (Laursen, 2008). Neo-functionalism is the outgrowth of the weaknesses of functionalism. Neo-functionalists were inspired by the thoughts of functionalists albeit placed emphasis on critics towards the relevance of politics on cooperation and integration (Griffiths, *et al*, 2008). In doing so, neo-functionalism emphasizes the role of sovereign states as main actors in the process of integration (Griffiths, *et al*, 2008). Interest groups, political parties, and social elite are important actors carrying their

values and ideologies in the process of regional cooperation and integration. So, regional integration for neo-functionalists is a political-social process that leads to transfer of individual citizen's loyalty from the state to regional entity forming a new political society (Yi, 2007). This implies that neo-functionalism has shifted the economic and social factors to political interest and values exhibited by member countries.

Furthermore, neo-functionalists appear to agree to functionalist assumption that says functional cooperation must start on relatively simple economic and social issues. But, for neo-functionalists, both economic and social problems are inseparable from political problems (Özen, 1998). Unlike functionalists who underestimate the role of politics, neo-functionalism argues that politics is a necessary factor in the process of cooperation and integration (Hooghe and Marks, 2006). In so doing, Ozen (1998) notes that neo-functionalism has served as a new political science approach to integration that shows the unified relationship between economics and politics. Once economic integration becomes real in the framework of supranational organization, political integration will exist soon. This creates a link between economic and political motives in establishment of broader political society. This foresees formation of 'federal or confederate' political entity ultimately.

Another characteristic of neo-functionalism is 'spillover effect' to mean cooperatively performed functions by certain countries cause collaboration in another area leading to broader integration ultimately (Senghor, 1990). Nonetheless, Griffiths *et al* (2008) remarks that advocates of neo-functionalism declared that it is hard either to break up the technical from political or to avoid conflicts between states regarding unfair distribution of gains among members. Hence, establishment of formal institutions is a must so as to enforce agreements commenced by countries.<sup>11</sup> This implies that political union is the highest stage of economic integration process and its achievement was not as easy as was simplified by neo-functionalists and despite some

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<sup>11</sup> See Griffiths *et al*, (2008) Such bodies have to enjoy some autonomy from national governments if they are to be effective, and the whole process cannot work unless states accept both the rule of law (hence encroachments of state sovereignty are difficult to reverse) and the principle of majoritarian decision-making.

differences both functionalists and neo-functionalists have theorized cooperation and integration among states as gradual process.

### **2.3.1.2. Liberal Inter-governmentalism**

Liberal inter-governmentalism is the most powerful liberal theory developed next to functionalism and neo-functionalism by Andrew Moravcsik (Pollack, 2000). As Awesti (2006) notes, starting from the mid-1960s to the mid-1980s, European regionalism was viewed as inter-governmental for the reason that self-centered interest of states constrained enhanced regional integration. Liberal inter-governmental theory is state centric approach which is skeptical on the likelihood of robust integration among countries. According to this model, Pollack (2000) remarks two issues are important, namely, 'preference formation' and 'international bargaining'. While the former is an articulation of national governments' and local populations' interests into the integration, the latter reflects incarnation of states' interests into the intergovernmental negotiation. Then the negotiations signal relative power of each party to the arrangement. As decisions are made through consensus, even the European Commission as multinational agent holds small or no fundamental power. Consequently, even though Andrew Moravcsik is misunderstood as neo-realist by his challengers, the theory deviates from neo-realism in two ways. One argument is that the state favorites should be locally designed based on national interest rather than global security concerns.

In other words, foreign policies of states are impacted by benefits and values of social actors, policy maker's preferences, as well as, choices of dominant group. The main limitation here is contradictory preferences and irregular behaviors of countries (Nuruzzaman, 2008). Therefore, bargaining depends upon 'convergence' of preferences rather than armed force as realists portray (Pollack, 2000). In general, for Laursen (2008) liberal- intergovernmental framework comprises three stages: (1) national preference formation, (2) inter-state bargaining, and (3) institutional choice. The first stage refers to whether economic or geopolitical situation dominate the interests of member countries though economy is the most important aspect. The second stage deals with efficiency and distributional results of international negotiations, which is usually explained as rough 'interdependence' among member countries. The third stage regards institutional choice

entailing three elements: federalist ideology, centralized technocratic management, and credible commitments. However, Awesti (2006) points although EC is result of intergovernmental bargaining, inter-governmentalism miss the mark to admit the importance of the EC institutions throughout the 'Euro sclerosis' era. In line with this, Nuruzzaman (2008) depicts liberal-intergovernmental model pays little attention to effect of international institutions to deal with conflict and improve regional cooperation and integration.

### **2.3.1.3. Liberal Institutionalism/Supranationalism**

Many of the principles of liberal-institutionalism characterize the post-Cold War era (Weber, 2005). Nuruzzaman (2008) points that the theory focuses on basics of institutional scheme to initiate and endure cooperation and integration between/among countries. It has renewed interest on capability of international institutions mainly United Nations for steady global cooperation and peace in the post-cold war era. Isioma (2015) further depicts that liberal-institutionalism encourages membership to international institution and regional cooperation to curtail pursuit of 'self-interest'. In the view of MackMillan (2007), it is associated with the metaphor of 'the End of History' that claimed link of 'liberal democracy' and 'free-market' economy. In connection to this, Burchill, *et al* (2005) note 'democracies' rarely fight wars with one another. Besides, Isioma (2015: 1) résumés this theory perceives war as 'cancer' and democracy and free trade as 'cure'. This suggests that mutual economic relation and democracy are key factors to enhance regional cooperation, integration, as well as, maintain peace among countries.

In line with this, Draper (2010) remarks that liberal-institutionalism signifies global renewal of security interest through regional economic communities (RECs). This means that the post-Cold War era has witnessed a shift from state-led power politics to people centered issues, where democratic governance is central concern. To this effect, Mearsheimer (1995) depicts that institutions uphold a set of formalized rules in international treaties that specify the ways states should cooperate and compete. The rules approved by states necessitate agreed rights and obligations. In this regard, institutions propose pleasant types of conduct and forbid unacceptable conduct. Conventionally, Annett (2019) depicts that this theory focuses on institutional measures

to pledge mediating role to promote cooperation among parties to the arrangement. In other words, Awesti (2006) notes that institutions like EC/EU support to form norms and values paving the way to steady 'Europeanization' of interests of the member countries.

According to Pollack (2000), liberal-institutionalist approach has been designed as a response to neo-functionalism and liberal-inter-governmentalism. In so doing, it has established broad rational choice analysis in the EU model by officially stating the role of the European Court of Justice (ECJ) and European Parliament. In the view of Awesti (2006), introduction of European Parliament has fortified 'Europeanization' of outdoor interests of member countries beneath the European Commission foreign policy procedure. Equally, increased Parliamentary and Commission involvement has caused shift of 'interest groups' loyalty and role from national to the level of Europe or EU. Initially, Pollack (2000) notes rational choice institutionalism of EU had emphasized on judicial process and independence of ECJ. Latter, it proceeds to examine and question multinational delegation and agenda setting role of the European Parliament. Hence, unlike liberal inter-governmental, law making process under liberal-institutionalism should be influenced by the institution that permits an eligible majority voting for conditional agenda by the European Parliament. In this regard, institutions are helpful to enhance trust and compromise differences among member countries to ensure effective regional cooperation and integration.

Conversely, Mearsheimer (1995) reveals that theories of liberal-institutionalism were defective, hence had negligible influence in shaping state behavior worldwide. Apart from this, Nuruzzaman (2008) notes that liberal-institutionalism has faced some challenges during the early 1990s. For example, US's George W. Bush's unilateral reaction to the 11 September 2001 terrorist attack in the form of 'war on terror' has triggered great obstacle to the theory. Likewise, the wars in Afghanistan and Iraq, as well as, prolonged fight with non-state actors like the Al-Qaeda by disregarding international institutions are assumed to have altered world politics. Accordingly, MacMillan (2007) depicts that Bush's 'New World Order' was symbolic justification of US's leadership rather than granting independence and power to international law and institutions.

### 2.3.2. Constructivism

According to Weber (2005), constructivism is one of the influential theories of international relations since late 1990s. The assertion of ‘anarchy is what states make of it’ is associated with this theory. This is to mean that sovereign states decide what the international system will look like i.e. either conflictual or cooperative situation. The key question for constructivists is how identities and interests are built or shaped through inter-state relations. The theory started its explanation by pointing out disagreement between rationalist theories namely realist/neorealist and liberalist/neoliberal difference on states’ behavior in global politics. For constructivists, thinking about state behavior depends on how we view the natural settings of global ‘anarchy.’ State behaviors such as rivalry, cooperation, and conflict are greatly inhibited by global structure and states are entities that formed global anarchy itself based on their decisions. Moreover, constructivism criticizes neorealist and neoliberal theories on how they view global political dynamics. The problem is the way the theorists consider the issue of self-centeredness. For example, the neo-realist perspective views egotism on the footings of ‘self-help’. Whereas constructivism embraces liberals stance that moves beyond changes in state behavior to include changes in ‘identities and interests’.

Constructivism emphasizes on evolution of socially constructed personality of actors in international relations through instrumental role of ideas and values in articulation of interests and identity (Yi, 2007 and Philips, 2007). According to Philips (2007), this theory’s critical analysis focuses on the decisive effect of ‘nonmaterial’ elements in global politics and their compassion to likelihood of international dynamics. Besides, Pollack (2000: 15) notes actors are needed not only to shape interests but also identities as this perspective focuses on social elements such as ‘identity, community, and collective intentionality’. In this regard, Yi (2007) remarks structure of human association is determined primarily by means of shared ideas rather than material forces. Actors within the ‘material world’ act based on socially constructed interpretation of the world. Apart from institutions, ‘ideational’ elements like ideas, cultures, language, norms, and rules are helpful to explain and better understand international relations. Accordingly, Telò (2014) notes although many liberals and Marxists undervalue role of identities

and cultural dimensions, constructivists see regionalism as an opportunity for cross cultural amalgamation of countries to come together as a new cluster.

According to Checkel (2006), there are three typologies of constructivism namely conventional, interpretative, and critical/radical. As a dominant school in US, conventional constructivism examines the role of norms and identity in shaping international political outcomes. Whereas, enjoying popularity in Europe, interpretative constructivism investigates the role of language in constructing and arbitrating social reality. Finally, critical/radical constructivism upholds the linguistic emphasis, but it adds an open 'normative' dimension.

### **2.3.3. Realist Inter-governmentalism**

According to Elman (2007), realist theory view 'state behavior' as originates from faulty human nature or proactive disagreeableness stand to anarchic global order. Likewise, Weber (2005) depicts that classical realists feature global politics as 'evil' for immoral things occur as policy makers are at times evil. In the view of Mearsheimer (1995), realism portray international system is ruthless arena, where states look for an advantage by taking benefit of one another. However, inter-state cooperation cannot be avoided. By and large the pessimistic view of realists on how the international system operates is subsequent of five standards namely anarchic nature of international system, states' offensive capability, states' uncertainty about intentions of other states, survival and upholding sovereignty, and strategic thinking on how to live in the international system.

Classical realism as a theory is a criticizer of liberal-institutionalism that views states as key actors in the process of cooperation and integration (Pollack (2000)). For classical realists, states' struggle for more power and conflict emanates from faulty nature of humankind. In other words, lack of overriding government at global level has created lenient situation paving the way for desire for absolute supremacy (Elman, 2007). States are competing in the global political arena pursuing their capitalized relative or self-centered gains for survival (Yi, 2007).

Lianos and Blanc (2011) argue that flexible negotiations of cooperation aimed at increasing capability of states that generates threat leading to competition for power.

Nonetheless, Elman (2007) remarks that the realist perspective was revised by Kenneth Waltz in his publication titles as 'Theory of International Politics' in the place of Morgenthau's 'Politics Among Nations'. In the view of neo-realists, global political configurations have three elements namely governing principle, the character of units, and distribution of capabilities. In this regard, the international system is characterized by anarchy, self-centered attribute of the units, and variable dispersal of capabilities ranging between multipolar and bipolar systems. One differing view that deviate classical realism from neorealism is on the basis and content of States' interests. As opposed to classical realism, neorealism rejects the inner state character and impulses of leaders of diverse countries as fundamental derive for international effects with the exception of the notion of states desire to survive. Likewise, while classical realism proposed that state policies are designed rationally, neorealist view state activity can be outcome of rivalry among countries and 'socialization' to mean states agree to adhere norms as they analyze own benefit or for norms develop to be adopted.

Accordingly, neorealist proponents are known for accepting the role of institutions like EU. In this regard, supranational agents or institutions are byproducts of global power relationship among countries (Pollack, 2000). Realists accuse liberal-institutionalism of overstressing 'absolute gains' by disregarding 'relative gains' (Grieco, 1991). In the view of Nuruzzaman (2008), neo-realists did not argue that cooperation and integration is entirely impossible though hard to achieve. So, the governing principle is power balance. Beyond exploiting relative advantage from cooperation, member states need to ascertain their benefit is greater or lesser than their competitors. Institutions are relevant only when the issue of comparative gain is overlooked and countries focus on complete gains.

More importantly, realists recognize that states with greater power can form institutions to maintain or enhance their stake of global power (Mearsheimer, 1995). However, according to neo-realists, the two major hindrances to international cooperation are fraudulent and

comparative advantage. While liberal-institutionalism argues that institutions can alleviate dishonest, it did say nothing regarding relative achievements (Grieco, 1991). For realists, states are not willing to move into cooperation arrangement in fear of unfair benefit by other members affecting appropriate gain (Mearsheimer, 1995). Accordingly, Lianos and Blanc (2011: 52) remark neorealist portray that inter-state cooperation is possible, if it provides primarily relative gains for the parties, hence is feasible when:-

*large transactions can be divided up into a series of smaller ones, if transparency can be increased, if both the gains from cheating and the costs of being cheated on are relatively low, if mutual cooperation is or can be made much more advantageous than mutual defection, and if each side employs strategies of reciprocity and believes that the interactions will continue over a long period of time.*

Again for Weber (2005), states get terrified if they did not increase their influence and this is known as 'security dilemma'. In other words, states feel too vulnerable, when they come to know that another state is attempting to boost economic, political, and military power although this rivalry is not risky to cause conflict among the parties to the cooperation scheme. In line with this, Lianos and Blanc (2011) argue the best option for a state that has a threat of future reversal of present collaborator is to uphold a cooperative arrangement. Like their predecessor realists, neo-realists agree on the negligible role of international institutions and national actors such as the private sector. They believe that states are the primary actors in undertaking key social, economic, and political activities in order to survive. Consequently, neo-realist intergovernmental approach to regionalism refers to state-centric regional cooperation; hence, there is dominant role of governments or political elites of fellow countries (Gehring, 1996). In the view of Lianos and Blanc (2011), to enhance gain from regional cooperation and integration and ease frustration of fellow countries; diplomats play an important role in facilitating negotiations. To this effect, free sharing of information and transparency of domestic activities is a very important factor for triumphant cooperation.

In a nutshell, the three dominant theoretical approaches of regional cooperation and integration discussed are liberal-internationalism, constructivism, and realist inter-governmentalism.

Ethiopia and Djibouti have experienced state-centric economic, social, and political interactions targeting survival strategy. They have manifested security dilemma and vulnerability that can be explained that ‘your survival tomorrow depends on how you behave today’. Hence, the two countries pursue self-interest, own variant ideology and development strategy, there is no autonomous regional institution to manage the cooperation, have strong need to maintain sovereignty, and no private sector and interest group partaking all characterizing the bilateral cooperation as state centric or top down. Subsequently, the theoretical perspective applied to examine the Ethio-Djibouti infrastructure development cooperation since 1998 is realist inter-governmentalism.

#### **2.4. Multi-Sectorial Approach to Security Analysis**

The word security is derived from the Latin *se* (without) and *cura* (care) implying absence of threat to states, regions, the international community, and individual human life (Jackson, 2014). Unlike to social security, which has to do with “entitlement and social justice”, international security has to do with practice of ‘power politics’ (Buzan *et al*, 1998). Security can also be defined as a protective condition in which states either try to acquire or preserve some values so as to guard themselves from internal or external threats, hence ensure survival. It has to do with high value expectation, position, and potential of upholding influence by minimizing threat. So, it involves well-being through avoiding obstacle to one’s highly considered value outcomes. Security is always irregular because individuals, groups, and states may have varying degree of security (Hermann, 1977). According to Buzan (1991) has security has to do with racing for individual liberty, social and state autonomous personality in contrast to perceived enemies. These definitions depicts that the issue of security is very decisive and always volatile for strategic, economic, political, cultural, and environmental reasons.

According to Buzan *et al*, (1998), the emphasis on regions as central for security studies has emanated from the post-Cold War international relations, which has taken a more regionalized nature due to the collapse of bipolar world ending ideological competition and political commitments. Consequently, regionalism has become a fashion with its security roles due to the deepening integration in EU since the late 1980s and the establishment of North American Free

Trade Area (NAFTA) strengthening regional arrangements with varying degree of identity, depth and institutionalization across the world. According to Cannon and Rossiter (2017), explaining region as landscapes of inter-state cooperation emanate from the fact that security of states' cannot be viewed distinctly from one another. In this regard, according to Buzan *et al*, (1998), the five most popular levels of security analysis in international relations are the international system (the largest multinational interaction or interdependence), international subsystem (regional schemes), units (states, transnational firms), subunits (interest groups within units such as bureaucracies and lobbies), and individuals. For the purpose of this study, the units of security analysis are states (Ethiopia and Djibouti).

Similarly, traditionally, security is narrowly defined as only linked to force and interstate war as security study examines military issues and military interaction among big powers (Jackson, 2014). In other words, under the traditional security complex theory, regional security is relational dynamics like military security dilemma, power balance, and arms races. This approach to security analysis was emphasizing on military security threats of states. Currently, in addition to the traditionalist position, the “wideners” made security agenda open to include different sorts of nonmilitary threats. According to this broader approach, the best way to properly analyze security agenda is based on sectors. Security analysts are coming up with a comprehensive ‘multi-sectorial’ method of inquiry by considering issues like the economic, political, societal, and environmental dimensions. One technique of looking at sectors is identifying specific interactions like the military referring to defensive and offensive, the political referring to power, governing status, and ideologies for legitimacy, the economic sector regarding trade, production, and access to resource and finance, the societal has to do with collective identity, and the environment has to do with the interaction between human activity and biosphere. Although those sectors have some distinguished pattern of easing complexity for analysis, they do not have independent existence (Buzan *et al*, 1998). Therefore, this approach is appropriate to examine Ethio-Djibouti infrastructure development cooperation since 1998 with emphasis on security implications for Ethiopia.

## 2.5. Regionalism in the African Context

Regionalism as a venue of regional cooperation and integration dates mainly since the Second World War (Fawcett, 2004). Nevertheless, it has become global phenomenon since the early 1990s. Similarly, regionalism has witnessed two important stages since the early 1990s. The first is the 1992 US, Canada, and Mexico agreement leading to the North American Free Trade Agreement (NAFTA). The other concerns the Maastricht Treaty that established a monetary union among the twelve European Union (EU) countries<sup>12</sup> (Milner, 1998). After the treaty was ratified in 1 November 1993, the European Community formally developed to European Union (EU)<sup>13</sup> (Banu, 1996). Member countries agreed to submit autonomy by transferring some responsibilities to the respective supranational institutions EU (Milner, 1998). In the view of Balaam and Dillman (2011), the EU can be considered as a global experiment for dealing puzzles of peace and prosperity collectively rather than separately.

Coming to the African context, Ali Mazuri quoted by Nurye (2014) points that Pan-African movements have been drives to African unity to liberate Africa states from white exploiters through independence. Nevertheless, African countries were focusing on political concerns until the 1990s. Then after, many states have been successful to integrate themselves through regional economic schemes to address dependency, misery, hunger, humiliations, instability all over the continent. Similarly, Byiers (2016) points out that African countries recognized regionalism as helpful to mitigate development bottlenecks, which are difficult to deal with at individual level. In other words, regional cooperation and integration were realized as way out to address regional challenges related to human security, mobility, rural livelihoods, trade, infrastructure, and environmental.

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<sup>12</sup> See Uvalic (2002) who maintains the former socialist countries' transitions to market economies and multiparty democratic systems opened up a new era of political and economic cooperation among European countries that fundamentally differs from that prior to 1989. Initiatives on regional cooperation among transition countries in Northern, Central, and South-Eastern Europe, as well as among the successor states of the former Soviet Union proliferated during the last decade.

<sup>13</sup> See Banu (1996) who notes, in December 1991, European Community leaders met in the Dutch town of Maastricht and gave their approval to the Treaty on European Union. At the time, the treaty-whose centerpiece was an agreement to achieve full monetary union by the end of the decade-was hailed as a monumental step in the direction of European economic and political unity.

According to Draper (2010), so as to buoy up peace, the European model of regional integration is based on three philosophical grounds of liberalism that include ‘democracy’ (republican liberalism), ‘commerce and trade’ (commercial liberalism), and ‘institutions’ (regulatory liberalism). Even the global experience of the General Agreement on Tariffs and Trade (GATT) was erected based on similar Western ideological basics. For example, US in the GATT and France and Germany in the EU has played vital role for the success of both systems. Such a condition is hard to achieve in Africa, hence, the European Union model is a very difficult plan for African reality. The pessimism has emanated from the challenges of democracy, good governance, and absence of hegemonic states that African faced<sup>14</sup>. This is to mean most of the governments are authoritarian characterized by single party systems which are largely worried about upholding sovereignty. In this regard, the following are four arguments regarding politics of regionalism in Africa:

- There is a major disjuncture between the (admittedly generalized) ideological character of states in sub-Saharan Africa and those in Europe which sharply curtails the possibilities for constructing a liberal peace agenda using the instruments of economic integration,
- The role of regional leading states is critical; however, with the probable exception of South Africa none would seem to have the capacity (in its broadest sense) to underwrite relevant RECs and secure the, liberal peace agenda,
- Nonetheless, there is some willingness to replace, hard sovereignty with, soft sovereignty, which lends itself to a, good governance agenda even if that is controversial to some (*Ibid*, 2010:21).

Moreover, most of the regional integration schemes since the 1960s in Africa like OAU, AU/AEC and the RECs were based on the EU model (Lee, 2002). After the Abuja Treaty (Nigeria) in 1991, there has been a move from OAU to AU without remedying challenges to regionalism (regional cooperation and integration). The goal of the Abuja Treaty was to promote

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<sup>14</sup> See Draper (2010) who depicts that this gave rise to the theory of hegemonic stability, which posits that a hegemon is central to maintaining adherence to liberal international economic regimes, and by extension liberal peace, through underwriting the costs of maintaining the regime (*e.g.* by providing access to its own market) rather than coercion.

Regional Economic Communities (RECs) of which IGAD is one as “building blocks” of the African Economic Community (AEC) (IGAD, 2012). However, Healy (2011) and Lee (2002) remark developing comprehensive strategy to promote economic cooperation and integration that can save Africa from marginalization is still a challenge. Senghor (1990) remarks that African countries do not want to embark on dialogue and negotiations, build required technical capacity, contribute expected financial resources, abide by agreements and joint decisions, introduce joint rules that guide their interaction and, and are unwilling to surrender their sovereignty.

Consequently, Linn and Pidufala (2008) note the regional arrangements in Africa remains limited to little more than dialogue forums. Subsequently, Lee (2002) and Moore (2004) underlined that realization of robust regionalism in Africa is by far remote for there is lack of suitable setting in the economic and political arena. Although they are ambitious to commence regional schemes, African governments do not have commitment to empower regional organizations being jealousy of sovereignty and obsessed with particularistic values and interests. This implies that the African regional cooperation and integration as compared to the European model is predominantly realist-governmental arrangement based on the conservative state system and Ethiopia and Djibouti are not exceptional. Hence, realist-intergovernmental approach has served as lens to examine the Ethio-Djibouti infrastructural bonds since 1998 from Ethiopia’s perspective because the bilateral cooperation is featured as state-centric in which governments and political elite are main actors. Accordingly, realist approaches to security analysis which is multi-sectorial security framework was applied.

## **2.6. IGAD as a Regional Scheme**

African leaders have been giving priority to regional cooperation and integration to guarantee peace and development. To this end, most Sub-Saharan African states have made great efforts to establish Regional Economic Communities (RECs). Accordingly, the Inter-governmental Authority for Drought and Desertification (IGADD) was established in 1986 making part of the regional economic communities (RECs) in the continent (Medhane, 2003). When IGADD was founded by the six states of the Horn (namely Djibouti, Ethiopia, Kenya, Sudan, Somalia, and

Uganda), its mission was to act as an early warning mechanism for natural disasters. Eritrea joined after its independence at the Fourth Summit of Heads of State and Government in 1993 (Timothy, 1995). This infers that it has been initially established to commence activities aimed at combating drought, famine and related humanitarian crisis in the region.

Afterwards, to efficiently respond to emerging regional challenges such as interstate conflict and increasing poverty, member states signed a declaration to expand its mandate. To this effect, IGAD was revitalized on March 21, 1996 at the second Extra Ordinary Summit of the Heads of States and governments in Nairobi (Kenya) resulting in a name change to Inter- governmental Authority on Development (IGAD) with an expanded mandate (ISS, 2005). In other words, despite the challenges IGAD faced,<sup>15</sup> its mandate has broadened to work on areas like regional infrastructure system, planning policies to enhance food security, environmental management and protection, and conflict prevention, management, and resolution (Byiers, 2016) implying that IGAD is authorized to deal with economic, political, military, and social issues of the region. Accordingly, for Solomon (2014: 11-112), endorsing and ultimately synchronizing policies as regards to *'trade, customs, transport, communications, agriculture, and natural resources,*

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<sup>15</sup> Report of DPMF/EIIPD (N.Y) *Socio-Political Factors*

- \* Continuing proliferation of small arms and light weapons resulting to heightened insecurity in both rural areas and urban centers of the sub-region
  - \* Intra-communal conflicts (i.e. cattle-rustling, natural resource-based conflict over water, pasture and land)
  - \* Inter-state violent crises and tensions that characterize relationships between member states (Ethiopia-Eritrea, Uganda-Sudan)
  - \* Failed or collapsed states/governance crisis (i.e. Somalia)
- ii) *Economic*
- \* Poor economies that are redundant or shrinking
  - \* Effects of globalization (poor economic returns and terms of trade due to continued reliance on raw commodities and declining foreign investments)
  - \* Rising poverty levels (some of IGAD members are in "the most poor nations in the world" category)
- iii) *Environmental*
- \* Environmental degradation and change, natural resource stress and scarcity
  - \* Recurrent droughts and famines
  - \* Food insecurity due to crop failure and livestock epidemics which occasion cross-border refugee flows
- iv) *Poor infrastructure development and telecommunications among member countries*  
Has greatly impeded sharing of resources, intra-regional trade and effective exploitation of human and material resources endowed in the IGAD region.

*promote free movement of goods, services, and people within the region*', as well as, enhancing regional infrastructure such as transport, telecommunications, and energy in the region are main objectives of IGAD.

IGAD is one among the eight regional economic communities (RECs) admitted as “building blocks” of African Union (AU) (IGAD, 2012). This partnership instigated IGAD to harmonize its missions, objectives, and activities parallel to the other RECs in the continent. Hence, the Protocol on Relations between the African Economic Community (AEC) and the Regional Economic Communities (RECs) was signed in February 1998. IGAD also agreed to work hand in hand with Common Market for Eastern and Southern Africa (COMESA) and East African Community (EAC) to eliminate dual membership. Afterwards, it has taken the assignment of realizing regional cooperation among its member countries (AU, 2009) as part of consolidating the envisaged continental cooperation and integration goals.

Healy (2011) points that IGAD is structured under an executive director and three separate directors with their key areas of development intervention that include, Agriculture and Environment Division, Economic Cooperation Division, Political and Humanitarian Division. Regarding economic cooperation and integration, IGAD has gained enough institutional assets and experience since its establishment. IGAD was advised to work towards establishment of a Horn of Africa Free Trade Area (HAFTA) as an initial phase of economic integration. The anticipated free trade area can move steps forward through the IGAD's Economic Cooperation Division, 'pan-African' institutions, donors, and other international development allies. Nonetheless, IGAD has lagged behind the other RECs in economic integration undertakings particularly in the area of trade. These accounts depict that IGAD is yet at its initial stage of regional economic integration activities in which regional infrastructure development cooperation could serve as a facilitator.

In 2012, IGAD had evaluated its Charter so as to strengthen its work in the area of economic cooperation and integration. It had prepared a 'Minimum Regional Integration Plan' (MIP) aimed at changing the position of IGAD to refocus the issue of regional economic cooperation

and integration (Healy, 2011). As per the MIP, IGAD has reemphasized regional integration goals as a development instrument enabling it to:

- Identify appropriate consultative mechanisms and frameworks among member states on development issues;
- Establish strong partnership with other Regional Economic Communities and appropriate linkage with AU as a building block of the AU;
- Address the specific needs of member states in the context of a common policy in key areas such as food security and infrastructure development as a means for trade facilitation, harmonized policies on natural resources management, the movement of production factors and people in the region;
- Formulate and ensure ownership over strategic development programs that address the specific needs of IGAD member states; and
- Effectively translate the political will of member states into concrete action (IGAD, 2012: 7).

Critics further note that IGAD is a young organization located in an area featured by inter and intra-state conflicts, rivalries, mistrust or enmity, volatile political landscape, overlapping membership, and shifting external interests as well as influences (Byiers, 2016). On top of this, IGAD is visibly inter-governmentalism symbolized as state-centric in a sense states (governments) are dominant actors (The Horn of Africa Initiative Infrastructure Donor Conference, 2012). Consequently, it has low institutional capacity to adequately develop regional market integration (Byiers, 2016). However, Aklilu (2013) remarks IGAD could encourage economic interdependence around energy, ports, waters and oil resources, which are not equally distributed in the sub-region making cooperation feasible and attractive.

## **2.7. Motives for Cooperation in the IGAD Region**

Although rampant instability and hostile relations hindered prospects of advancing formal economic cooperation and integration in the Horn of Africa, there is huge scope for mutual cooperation. For example, although Assab port was serving Ethiopia covering 85 per cent of import-exports, it remained useless due to the 1998-2000 Ethio-Eritrea border conflict. Likewise,

the fragmented state of Somalia (except Somaliland) is so weak to enter into fruitful economic cooperation with neighboring countries (Healy, 2011). However, Djibouti, Eritrea, Ethiopia, and Somalia have very close relations in historical, cultural, strategic, economic, and political terms, which are assets for cooperation. These states are in several ways inter-reliant (Daniel, 2002). In line with this, Healy (2011) notes that despite prolonged wars, mistrust, supporting each other's insurgent groups; there is long historical and political tie among the people in the Horn of Africa that can create optimism towards regional cooperation and integration. Like the political security link, there is multifaceted economic security mutual dependence among countries of the Horn. These are assets giving the Horn of Africa an image of single political society.

Djibouti, Eritrea, and Somalia are all possible sea outlets for landlocked Ethiopia. The long history of conflicts such as Ethio-Somalia, Ethio-Eritrea, Eritrea-Djibouti, Sudan-South Sudan are motivated by competition over economic and geo-political interests (Daniel, 2002). According to Healy (2011), one observable issue is the strong need of the two landlocked countries Ethiopia and South Sudan to get port services from their neighboring coastal countries. The Ethio-Eritrea conflict forced Ethiopia to depend on Djibouti Port making the latter beneficial of being regional shipment hub. Another equally important development is Sudan's cordial relation with Ethiopia after many years of enmity. This happened following the Sudan's oil production that lead to supply of petroleum to Ethiopia and hydroelectric power from Ethiopia to Sudan in return. Ethiopia's usage of Port Sudan as an alternative sea outlet for import-export trade is also an addition. Subsequently, Daniel (2002) points there are potentials to change the emerging economic cooperation into robust integration if the countries managed to establish cordial relations.

Furthermore, several small pocket investors from all countries of the Horn are operating in Juba and other South Sudan towns. Trade relations within East Africa are also increasing with nearly 40,000 Kenyans and Ugandans are now living in South Sudan. Equally, an increasing movement of people seeking employment from one to the other country of the Horn also heralds the economic ties among countries in the sub-region. The massive movement of people in the sub-region has created strong and close social and economic connections among the people in the IGAD region. Particularly, since the 1970s and up to more recent times, the Horn countries are

hosting each other's large number of refugees for different reasons (Healy, 2011). These developments are also pertinent aspects of economic relation that may step up to regional cooperation and integration in the years to come.

More importantly, expansion of infrastructures such as transport corridors, enhancing ports services, shared utilization of water and energy resources are among the mechanisms to exploit and develop economic cooperation among the countries in the IGAD region. But, this cannot be materialized through "half-hearted" partnership as it demands policy harmonization on administration of resources for the common wellbeing of the people in the region (*Ibid*, 2011). Ethiopia has the potential of 45,000 megawatts of hydroelectricity that could be dispersed to the whole IGAD region. Eritrea, Djibouti, and Somalia can sell port services and get oil in return from South Sudan and Uganda using Ethiopia's transport corridor. The cooperation on ports, oil and water and or hydroelectric power should be jointly encouraged and supported by strong institutional devise (Aklilu, 2013); hence Sissay (2003) remarks gradual expansion of proper infrastructure can brings the traditional weak membership to the region to an end. Besides, Love (2009) notes the Nile River is another important factor that can encourage regional economic cooperation and integration in the IGAD region. There are also international rivers crossing borders of the Horn countries with the exception of Djibouti that can pave ways for cooperation in activities like irrigation, trade in livestock and Chat. This suggests that although economic integration seems politically impractical, the countries are characterized by geo-strategic and resource based ties that can encourage economic cooperation and integration.

## **2.8. Infrastructure System in Africa and the Horn of Africa specific**

Africa lags behind the developed world in terms both quality and quantity of infrastructural facilities (United Nations Human Settlements Program, 2011). Without a comprehensive infrastructure system, the prospect to obtain rightful place in the global economy is gloomy. Infrastructure investment plans in Africa are not free from challenges as satisfying country need has been stressed rather than region wide linkages in both technical and economic sense (Simuyemba, 2000). Accordingly, Bhattacharya, et al. (2012) remark the prospect for economic growth is being hindered due to deficit of developed strategic infrastructure ranging from

transport and ports to energy. In the view of Calderon and Serven (2008), as the performance of infrastructure in Sub-Saharan Africa is weaker than other developing regions, the emerging strategic focus on infrastructure development is not surprising.

In the view of Bhattacharya, *et al.* (2012), as the experiences of developed countries demonstrate, a move from primary economic sector to that of secondary and tertiary requires infrastructural asset. Nonetheless, African realities depict that there are problems in terms of coverage, quality, and operation of infrastructure networks as compared to the external world. Hence, African countries should step-forward in building infrastructure to fasten economic transformation and political solidarity. This demonstrates that the RECs in Africa, as well as, individual countries are expected to work towards sound infrastructure system.

Most importantly, as Jouanjean (2015) notes that the 15 landlocked countries in Africa have strong emphasis on intra and inter-regional trade facilitation. However, as IOB (2009) reports, one among the factors for sluggish development in Africa is low investment on infrastructure adversely affecting trade and economic growth. Although 40 per cent of the African population is located in landlocked states, trade logistics is poor resulting in high transport costs. In the view of Simuyemba (2000), in the absence of water, power sources, ports, transport, as well as, telecommunication infrastructure; investment, production, and regional trade are unthinkable. Likewise, other services like banking, retail, health, education could not work efficiently without well-organized infrastructure system. Accordingly, African states have incorporated infrastructure as part of national development plans of Poverty Reduction Strategy Papers (PRSPs). Many infrastructure projects were endorsed by African Heads of States and Governments at the African Union Assembly held in Ethiopia in January 2011. It was believed that cross-border infrastructure linkage would enhance trade, security, natural resources management, and fulfill import-export needs of landlocked states (OECD, 2012). This implies that regional infrastructure network has become a priority agenda of policy makers in Africa.

According to Byiers (2016), even though Kenya's and Uganda's engagement is greatly linked to political and military security than economic, there is geostrategic interest on infrastructures among IGAD countries. According to African Development Bank Group (2018), IGAD's

infrastructure plan under the ‘Horn of Africa Initiative’ is designed for cross-border transport and energy connectivity bearing in mind it could enhance greater business and investment on areas such as manufacturing industry in the region. According to the same source, the infrastructure status of Djibouti, Eritrea, Ethiopia, Somalia, South Sudan, and Sudan until 2016 was 23.9, 8.3, 7.6, 3.4, 4.9, and 14.4 per cent, respectively. Factually, Tegene and Alemayehu (2002) depict that Ethiopia and Djibouti have been connected through a railway for more than 100 years. More importantly, Mastewal (2015) notes Ethiopia and Djibouti are symbolizing best practice in the IGAD’s infrastructure system such as transport, energy, water, and port facility. Consequently, this study aims at examining the Ethio-Djibouti infrastructure development cooperation since 1998 with emphasis on security implications for Ethiopia.

## **Chapter Three: Ethio-Djibouti Economic and Political Relations: Past and Present**

### **3.1. Overview of Ethiopia's Regional Foreign Policy and Diplomacy**

The Horn of Africa is among the conflict prone regions in the world. The Horn countries have embarked weak, dogmatic, and hostile relations, which are characterized by military rather than economic concerns. This resulted in countless challenges to economic cooperation and integration, as well as, development efforts in the region (Tewodros and Halellujah, 2014). Like the fellow states in the region, Ethiopia's governments in the past were following policies that destabilize the region in aspiration of regional hegemonic power (Amen, 2015). As Mehari (2017) notes external powers were responsible for many of stubborn internal problems causing heavy 'militarization' albeit did not solve actual and presumed threats adversely affecting Ethiopia's international relations. Nonetheless, after downfall of the Derge regime in 1991, Ethiopia has encouraged a more dedicated and strong stand on regional foreign policy in a way of boosting its status as a regional power in the Horn. Ethiopia's regional diplomacy focuses on Djibouti, Eritrea, Kenya, Somalia, South Sudan, Sudan and Uganda in a manner of firming roles in the AU, IGAD, East African Standby Force (EASF), and Common Market for Eastern and Southern Africa (COMESA). Sande and Berouk (2018) remark that Ethiopia's imperative geopolitical location at the midpoint of the Horn, base of the African Union (AU), and large population in the region made it influential on continental matters and probable hegemonic state to ensure stability in the Horn of Africa.

After coming to power, the Ethiopian People's Revolutionary Democratic Front (EPRDF) government has shaped 'idealistic' regional foreign policy, which bases on values of peaceable and good relations with neighboring countries. Nonetheless, Eritrea was observed building up its military capacity intending to attack Ethiopia leading to the Ethio-Eritrea conflict. As a result, the Ethiopia's foreign policy was not successful as it was not backed by military power. After realizing that applying such a foreign policy is problematic in this volatile region, Ethiopia slowly increased its military might as fundamental part of its foreign policy (*Ibid*, 2018).

Accordingly, Mehari (2017) points out that based on the new Foreign Affairs and National Security Policy and Strategy (FANSPS) developed in 2002, Ethiopia has listed regional peace and security, emerging and longstanding security threats in the Horn and beyond, economic diplomacy, enhancing counter-terrorism capabilities, effective use of multilateral platforms, regional diplomacy and leadership in IGAD's mediation, and building military power and participating in peace support operations.

According to Amen (2015), the drive for reformulation of the new foreign policy is safeguarding Ethiopia's national interest. To this effect, Ethiopia has adopted wider and realistic conception of national security. Consequently, Sande and Berouk (2018) depicts that after holding Eritrea's aggressive position, Ethiopia has got good diplomatic success in relations with its neighboring countries. It has played great role in pacifying the region, particularly, mediating peace processes to resolve civil wars in the Sudan and Somalia. Likewise, Amen (2015) notes that Ethiopia has admirably involved in the arbitration process to end civil war in South Sudan. Again, Sande and Berouk (2018) note that Ethiopia has extended joint interest and linkages with countries like Sudan, South Sudan, Djibouti and Kenya. So, Ethiopia has witnessed active participation in IGAD and has commenced bilateral relation with fellow countries in the region. In this regard, Nurye (2014) notes that the foreign policy is molded with the faith that Ethiopia's development is interwoven with the destiny of neighboring countries. This implies that Ethiopia's move for peace and development based on principle of shared advantage to embrace national interest of neighboring states as well.

To this effect, Amen (2015) remarks that the emerging economic linkage among the Horn countries are outcome of the changed political philosophy experiencing in the region as different from the past political culture typified by endorsing protracted conflicts stubbornly destabilizing the region. One best example is the present Ethio-Djibouti bilateral relation. In a conflict prone region, the multifaceted economic connectivity between Ethiopia and Djibouti can be considered as unique experience. Nurye (2014) (quoting Mohamed Idris Farah, Djibouti's Ambassador to Ethiopia) explains that Ethiopia and Djibouti are 'inseparably and persistently' economically and politically associated. One area of initiative is the capitalized infrastructure linkages between the two countries to deal with resource security and transit logistics to facilitate trade, business, and

investment. In the words of Mohamed Idris Farah, the Ethio-Djibouti bilateral infrastructural connectivity is symbolized by 'a body system' to mean the railway linkage signifies 'an umbilical cord,' power connection, 'the heart;' and the water supply, 'blood.' This implies that bilateral relation embraces somehow probable dependable economic relation between the two countries.

### **3.2. Geo-strategic Significance of the Horn of Africa and Djibouti specific**

According to Pateman (1990) and Cliffe (1999), the Horn of Africa is defined as a geographical area, which includes Ethiopia, Eritrea, Djibouti, Sudan (presently also involves South Sudan), Somalia, and to a lesser degree Kenya. Historically, Abdi (1981) points out that the Horn of Africa has been a meeting spot of peoples and cultures, where continuous rise and fall of conflict and cooperation are rampant. From the geostrategic perspective, Berouk (2012) remarks that Ethiopia is geographically located at the heart of the Horn of Africa sharing borders with most of the constituent countries. Due to its huge population, historical and cultural tie with some Horn countries, economic and military power, and central geopolitical location, Ethiopia can play key role in the region. In view of that, Ethiopia has been concerned with competing interest of external powers in the region. These suggest that Ethiopia has been interacting with countries of the Horn, as well as, external powers for geopolitical and geo-economics goals linked to the region.

The Horn of Africa, the Mediterranean Sea, the Middle East, the Suez Canal, the Red Sea, and the Indian Ocean are known for their geo-strategic significances. The common interest of different powers in those areas may cause superpower rivalry and worldwide economic imbalance that result in serious complications of global peace (Anise, 1978). In this regard, Schwab (1978) notes the strategic importance of the Horn lays on the fact that it oversees area where the Red Sea, the Gulf of Aden and the Indian Ocean channels congregate. Proximity to the Middle East and position for global military strategy of the Soviet Union and the United States gave the Horn of Africa military strategic importance. Likewise, Egypt's and Saudi Arabia's strong interest and influence in the area had been also valuable. This assertion suggests that the

Horn region has been attractive for varied external powers for different economic, political, and cultural agendas.

The Horn of Africa also borders the oil rich Middle East countries and the Straits of Bab el Mandeb through which oil tankers are continually moving from the Middle East to the entire world (Anise, 1978). The Horn of Africa has been central geopolitical region of Cold War (1945-1990) superpower's rivalry (Soviet Union and United States)<sup>16</sup> (Makinda, 1982). According to Schwab (1978), the two countries had contending and converging economic and political interest around the oil rich Middle East especially since the Oil crisis of 1973. They<sup>17</sup> had contradictory foreign policy orientation towards the region. While the Soviet planned to establish a greater presence through dynamic naval policy in the area; the US was reducing its naval program stressing on land base and air missile program. Nonetheless, after realizing the increased Soviet interest in the area and losing influence on Ethiopia, the US reexamined its naval policy especially concerning sea control. This implies that both superpowers were engaged in ideology based proxy wars that ultimately lead to political instability in the region.

Considering effect of external powers, Ethiopia under Haile Sellassie was militarily supported by the United States. While Eritrea and Somalia were subsidized naval military base facilities by the Soviet Union. Nonetheless, after the military regime (Derge) came to power in 1974, Ethiopia has been massively supported by the Soviet Union. Side by side, the United States and other Western countries were persuading the Sudan, Egypt, Saudi Arabia, and Yemen to influence Somalia to reduce Soviet Union reliance. Similarly, France's strategic foothold as a colonial power in Djibouti (French-Somaliland) and Saudi Arabia's influence on Djibouti had greater role against Western interest in the region (*Ibid*, 1978). Indeed, Anise (1978) remarks that the Horn of

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<sup>16</sup> See Makinda (1982) who maintains that the internationalization of this conflict has, however, transformed it into a platform of East-West competition, involving the US and the Soviet Union along with their respective allies. In the global context, the conflict touches on the economic, ideological, military and strategic interests of the superpowers. Both the US and the Soviet Union defined what takes place in the Horn of Africa within the perimeters of what they viewed as their national interests.

<sup>17</sup> *Ibid* (1982) they have often expressed concern for what they term the 'security' of this region but have not clearly defined what constitutes security for this region. Their notions of security, which to the West imply an absence of communism and to the East liberation from capitalism, do not seem to take into consideration the concrete local situation and the real needs of the peoples of this region.

Africa has been a very risky and contentious zone for external powers involved. This suggests that external power involvements remark strategic significance of the region.

As regards to Djibouti, the country was outcome of the 1862 treaty made by Ethiopia with local rulers culminating to be France's colony. Djibouti has become an independent state in 27 June 1977 (Kadamy, 1996). Despite its geostrategic importance, Zelalem (2015) depicts that the country is a very small with a size of 23,200 km<sup>2</sup> and a population of 830,000. The people are typical pastoralists and traders with Horn countries and Arabian Peninsula. Djibouti has tough weather condition with no arable land, valuable mineral and vegetation. Hence, contribution of agriculture to GDP is minimal and the industrial sector is retrograde due to lack of raw materials and resultant rise in production costs. Consequently, the economy is limited to the public and service sectors like shipment industry associated to port and maritime logistic services, banking and telecommunication are vital to Djibouti's economy. While other sectors such as fisheries, tourism, and mineral resources have not yet developed.

Since the late 1990s, Styan (2013) points out that Djibouti has benefited from its geo-strategic position resultant geopolitical developments in the area. Its strategic significance has augmented due to the Ethio-Eritrean War, economic progress in Ethiopia, changes in US strategy towards Africa and the Arabian Peninsula since 9/11 terrorist incident,<sup>18</sup> and the rise in piracy along the Gulf of Aden and the Somali coasts. More importantly, Djibouti's economy depends on maritime logistics services on which Ethiopia is deeply dependent. Ethiopia uses Djibouti as main sea outlet for more than 90 per cent of import and export trade thereby boosting Djibouti's economy. This has encouraged Djibouti to expanding and upgrading port facilities and related infrastructure to upsurge cargo and container delivery capacity. This suggests that the maritime logistics expansion in Djibouti was inspired due to the increased revenue earned from Ethiopia.

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<sup>18</sup> See Styan (2013) who remarks that the United States' facilities at Djibouti's Camp Lemonnier became its sole permanent base on the African continent. Djibouti now acts as the principal logistical hub for US and allied operations in East Africa and the Arabian Peninsula. It is also the launching-pad for drone surveillance and attacks, as well as the logistics hub for anti-piracy and other multilateral missions in the region.

To this effect, the 2009 joint project between Djibouti and Dubai Ports World (DPW) resulted in construction of a modern container terminal which leads to growth of maritime logistics and services sectors. Equally, after upgrading port facility and completion of the electrified railway linking with Ethiopia, Djibouti has been expected to be a shipping hub in the East Africa (Bureau of African Affairs, 2016). In general, Styan (2013) remarks that shipment and maritime logistics services are at the heart of Djibouti's economy inspiring Ethio-Djibouti cooperation that shifted the previous relation characterized by tensions and frictions. Djibouti might face rival from other alternative regional ports in the future. However, given Djibouti's huge investment on port facilities and the electrified railway infrastructure linkage with Ethiopia, Djibouti has created greater relative advantage over regional competitors such as Eritrea, Sudan, and Somalia. As a result of this, Ethiopia and Djibouti might sustain cooperation on infrastructural development cooperation cognizant of mutual economic return.

Furthermore, AEO (2012) depicts the oil producing South Sudan exemplifies a great potential of new market for Djibouti. Ethiopia, South Sudan and Djibouti signed agreement on economic cooperation in February 2012. The three-party agreement was planned to Djibouti's connection with South Sudan through cross-border road, railway, port, and oil pipeline using Ethiopia as a land link to Djibouti. This implies that landlocked South Sudan is intending to use Djibouti Port for import-export trade, which requires land link consent of Ethiopia highlighting dependable cooperation among the three countries.

### **3.3. Ethio-Djibouti Economic and Political Relations, 1977 to Present**

Ethiopia has experienced historic economic and political relations with Djibouti since long time. The territory making present day Djibouti was under the domain and rule of Ethiopia. Djibouti fall under French colony following the agreement made between Emperor Menelik and France in 1887 (Tewodros and Halellujah, 2014). Ethiopia's diplomatic relation with Djibouti up to the latter's independence was with France. As part of Menelik's passion of modernization, Ethiopia and France signed a treaty in 1897 to build a railway linking Ethiopia with Djibouti. Construction of the railway was started in 1897 and completed in 1917. This has marked Ethiopia's highest technological success. The railway resulted in Djibouti's economic

dependence on Ethiopia as it improved life of the pastoral society. In the same year, Ethiopia signed an agreement with France to use Djibouti as its official sea outlet authorizing tax-free shipment. Besides, the long-lasting tie between the two countries is also demonstrated in terms of history and demography like sharing common past, similar languages, and culture (Endalcachew and Kidanu, 2015).<sup>19</sup> This implies that the political, economic, socio-cultural dealings between Ethiopia and Djibouti were since before the emergence of Djibouti as an independent state in which the port and railway connections have been playing a pivotal role.

Djibouti got its independence in 1977 Hassan Gouled Aptidon being first president (Bollee, 2003). During the early years of the military government, there were moves for cordial relations between Republic of Djibouti and Ethiopia. To this effect, qualified Ethiopian Ambassador Fitgu Tadese had been assigned as the first Ethiopia's Ambassador to Djibouti. Ethiopia has completely annulled its territorial claim over Djibouti in support of Djibouti's independence.<sup>20</sup> In other words, the 1975 ministerial committee decision showed that Ethiopia's interest can be secured only through peaceful and good neighborhood. Ethiopia's policy towards Djibouti targeted protecting the latter from Somalia and Arab states' influence. To do so, fascinating Djibouti through economic, political, and social benefit has become best strategy<sup>21</sup> direction (Belete, 2014a). Those assertions suggest that Djibouti's political changes that resulted independence were one way or another encouraged by Ethiopia.

Although Ethiopia had no claim over Djibouti's territory, the 1977/78 Ethio-Somalia war over the Ogaden increased conflicts between Afar and Issa in Djibouti in support of Ethiopia and Somalia respectively. Initially, neither the Issa nor the Afars were deeply committed and capable to effectively oversee Djibouti (Shehim and Searing, 1980). According to Belete (2014a), Djibouti continued tacitly claimed by Somalia since its independence. Accordingly, sustaining Djibouti's autonomy by defending from being annexed by Somalia had been part of Ethiopian's

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<sup>19</sup> See Endalcachew and Kidanu (2015) The Issa groups originated from Somali, whereas the Afars were of Ethiopian origin. The second largest ethnic group which constituted Djibouti's population is Ethiopian origin which has special affinity to its Ethiopian counterpart. Thus, the two countries are demographically interlinked and have historical relations.

<sup>20</sup> See Abdi (1977) Ethiopia claimed the Afars to be supportive of MLD's demands for political autonomy for the Territory and close association with or attachment to Ethiopia. In a change of policy, the Ethiopian government in 1975 for the first time renounced its territorial claims.

<sup>21</sup> See Belete (2006) Policy of graduated response.

long term policy direction. To this effect, following the Ministerial Council meeting held in Ethiopia on May 24, 1977, Ethio-Djibouti relation was decided to be based on shared economic and political benefits. A committee accountable for producing ideas to negotiation with Djibouti and French regarding usage of Djibouti port and Ethio-Djibouti railway was set. However, Ethiopia identified two basic threats that needed policy actions in 1978. While one is the irredentist policy of Somalia, the other is the French-lead Arab intervention and influence. Hence, Ethiopia planned to revise its policy to ensure liberated Djibouti from Somalia's conspiracy. This demonstrates that the continuous efforts and challenges Ethiopia faced to create friendly political and economic relations with Djibouti.

Regarding power relations between the ethnic groups in Djibouti, gradually Djibouti's independence has resulted in supremacy of Issa ethnic group even though position of Prime Minister that exerted little power went to Afars. This has triggered compliant by the Afars leading to the rise of Afar nationalism. For the Afars, Ethiopia's victory in the Ogaden war had resulted in reassessment of relation with Ethiopia which had stood against their being annexed by Somalia. In other words, the good relation between the Afars in Djibouti and Ethiopia witnessed Ethiopia's support towards consolidating their political struggle for equality<sup>22</sup> (Shehim and Searing, 1980) showing Ethiopia's pessimism to the Issa group due to their deep-rooted tie with Somalia. Consequently, Ethiopia has speeded appointment of an ambassador, consolidated its Embassy financially, improved Djibouti-Galafi trade activities to ease economic problem in Djibouti, persuaded the Issas to oppose messes created by Somalia, and supported Affairs to reverse Somalia's aggressive plan. Moreover, the Galabat road was reconstructed so as to serve as import- export transit to strengthen the trade relation between the two countries (Belete,

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<sup>22</sup> See Shehim and Searing (1980) who depicts the growing strength of revolutionary Ethiopia has caused a shift in the balance of power in the region and has lent new strength to the demands of the Afar in Djibouti. The development of Afar political attitudes is little understood, but it is potentially of tremendous importance given the inevitable link between the 'Afar question'--one more 'question' in the troubled Horn of Africa--and the two most important conflicts in the region, the border disputes caused by Somali territorial claims and the movement of secession in Eritrea.

2014a). These initiatives indicate that Ethiopia's serious concern to recuperate and consolidate economic and political relation with Djibouti in an enhanced manner.

Following the ruin of Somalia's attempt of aggression over Ethiopia, the Hassan Gulede government had repeatedly shown renewed interest to collaborate with Ethiopia. The then Djibouti's Foreign Minister, Abdela Mehamed, who belonged to the Afar ethnic group, visited Ethiopia in December 1978. And he requested speedy political and military support from Ethiopia to ensure security, reduce Issa dominance, and deal with harms against Afar ethnic group. Ethiopia provided military support after a delegation verified the situation in Djibouti. Ethiopia's influence on Hassan Gulede government resulted in the formation of an Afar lead government headed by Prime Minister Abdela Kamil. Ethiopia's diplomatic moves targeted guaranteeing rights of Afars, stabilizing Djibouti's domestic politics, ascertaining liberty of Djibouti's politics, establishing favorable condition for trade relation, and maintenance of flow of Ethiopia's international trade. To that effect, Birhanu Dinka has been appointed as Ethiopian Ambassador to Djibouti in February 1980 (*Ibid*, 2014a). Those developments suggest that Ethiopia's commitment to create economically and politically stabilized Djibouti through mutual cooperation.

An agreement for friendship, neighborhood, and cooperation was made between the Socialist Ethiopia and Republic of Djibouti on March 19, 1981 based on the spirit of UN and OAU principles (MFA, 1981). As Belete (2014a) notes, Hassan Gulede's official visit to Ethiopia had been prolonged as some issues were not resolved. One area of disagreement was complaining that Ethiopia used the Ethio-Djibouti railway as a tool to pressurize Djibouti. However, as Ethiopia's pressure increased, Hassan Gulede visited Ethiopia for seven days on March, 1981. Equally, President Mengistu Hailemariam made official visited to Djibouti in 1984 and signed an agreement and protocols regarding making joint commission, visa free movement of diplomatic community and passport holding authorities and citizens of the two countries. In view of that, first meeting of the joint commission was held in Addis Ababa resulting in extra agreements on expansion of tourism, border administration, and joint security committee establishment. As per article (6) of the accord, MFA (1981) remarks the two countries agreed to cooperate on economic, cultural, and educational sectors. Likewise, collaboration on transport and

communication, consular rights and privileges, as well as, trade relations made part of article (7) of the agreement.

Similarly, an agreement on road transport linkage between the two countries was endorsed in 1987 (Belete, 2014a). The other indicator of cordial relation between the two countries was their combined effort towards establishing the Intergovernmental Authority on Drought and Development (IGADD) in 1986 (Belete, 2014b). Supported by the Sudan, Belete (2012) remarks Somalia had interest to be a seat for headquartering of IGADD. Conversely, being hesitant of Egypt's intention to support the Arab states to dictate IGADD, Ethiopia encouraged Djibouti to continue with its plan to host the IGADD. To this effect, Ethiopia convinced other countries such as Kenya and Uganda to support locating the Headquarter at Djibouti. In such a way, Djibouti had hosted the organization. Those dealings highlight that the two countries had shown commitment to regional cooperation scheme so as to boost economic and political interaction.

Furthermore, Ethiopia planned economic projects in accordance to IGADD's social and economic development program. For example, during the first two years of the organization, Ethiopia designed 10 projects (out of which 6 were approved) that could have potential to integrate the IGADD region. For example, maintenance of the Addis Ababa-Djibouti railway was planned, with the cost of \$150,000 million and Ethio-Djibouti electric power interconnection line, with the cost of \$230,000 million (Belete, 2014b). A further improved Ethio-Djibouti cooperation has been witnessed since the early 1990s. Ethiopia and Djibouti signed a Treaty of Friendship and Cooperation in 1991 followed by greater than 30 treaties (Tewodros and Halellujah, 2014). As Ismail Omar Guelleh replaced Hassan Gouled Aptidon in April 1999 and officially visited Ethiopia<sup>23</sup>, the two countries signed agreements on different sectors. As Ethiopia was allowed to use Asab and Massawa ports since Eritrea's independence in 1991, using port of Djibouti was based on choice and interest. However, following the Ethio-Eritrea War, the relation between Ethiopia and Djibouti was radically changed, particularly; in relation

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<sup>23</sup> See Bollee (2003) Ismail Omar Guelleh visited Ethiopia in November 1999 and addressed its Parliament in Amharic. He has tried, without much success, to get the Ethiopian forwarding companies to pay their debts, and imposed new taxes both on solid freight (\$0.50 per ton) and on oil products (\$1 per ton). These figures were fiercely haggled over in bilateral negotiations.

to transport and port service (Belete, 2014a). The above assertions suggest that Ethiopia and Djibouti have shown enhanced economic cooperation mainly on transit infrastructure.

Consequently, an agreement on utilization of Djibouti Port had been made on December 12, 1993 as critical factor of reinforcing economic cooperation. As per article (1) of the agreement, Djibouti ensured Ethiopia the right to use port and transit goods from and to Ethiopia along its territory.<sup>24</sup> According to article (2) of the agreement, the right to use the port includes all the facilities in the port zone. The two countries had agreed for joint effort to development of Djibouti Ports (MFA, 1993a). Likewise, to enhance the friendship and expand economic cooperation, an agreement on road transport connectivity was made on November 6, 1991<sup>25</sup> (MFA, 1991). Another protocol agreement on transport and communications was made on December 12, 1993. The agreement was made to pool own resources and efficiently utilizing, rehabilitating and expanding existing links, and developing a coordinated transport and communication systems, policies, and strategies (MFA, 1993b). This assertion also points that the two countries have shown commitment to harmonizing policies and implementing bilateral infrastructure connectivity.

Similarly, a protocol agreement to build up trade relation between the two countries was also made on December 12, 1993. As per article (1) of the protocol, the parties agreed to undertake legal measures to increase volume of trade and improve services required<sup>26</sup> (MFA, 1993c). After the Ethio-Eritrean war of 1998-2000, the Port of Djibouti has been serving as main maritime gateway for Ethiopia. Currently, more than 90 per cent of Ethiopia's import-export trade is passing through Djibouti Port. Consequently, the Government of Djibouti has been also working hard to satisfy Ethiopia's increased import-export trade volume by expanding and rehabilitating

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<sup>24</sup> See MFA (1993) Article (1) The Republic of Djibouti guarantees to Ethiopia the right to use the installations and equipment of the port of Djibouti and if necessary to invest in order to promote Ethiopia's foreign trade.

<sup>25</sup> See MFA (1991) Cognizant of the fact both countries have already built road connecting the two countries. Desirous of further strengthening and expanding the transport links between the two countries. The parties shall encourage exchange of information related to the travel of commercial vehicles. Such, information shall include road and security conditions and facilities for the traveler.

<sup>26</sup> See MFA (1993) Article (4) the representatives of the contracting parties shall meet during the Joint Committee Meeting in order to review the implementation of this protocol and negotiate and sign a trade protocol for the year 1995.

port facilities, conventional cargos, and container capacity accomplished by Dubai Ports World (DPW) and Chinese companies. Moreover, construction of the Horizontal Oil Terminal at Doraleh was finished in 2005 to supply imported fuel to both Djibouti and Ethiopia (Nurye, 2014). This suggests that the conflict between Ethiopia and Eritrea has seen dynamic forces to the relation between Ethiopia and Djibouti.

A Protocol Agreement on electric power system interconnection between Ethiopia and Djibouti was made on November 4, 1999. The agreement was done cognizant of shared economic return of efficient energy interconnection to both countries<sup>27</sup> (MFA, 1999). According to Styan (2013), Ethiopia is working hard to exploit hydroelectric power for attaining domestic demand through exporting to adjacent countries. To this end, Ethiopia is exporting hydroelectric power to Djibouti since 2011. In line with this, Tewodros and Halellujah (2014) depict that an agreement was reached on trade, investment, infrastructure development, and security during the 12<sup>th</sup> annual Ethio-Djibouti Joint Commission Ministerial Meeting held on July 2013. More importantly, a border trade agreement was reached on February 7, 2015 to discourage contraband and illicit trade (MFA, 2015). This suggests that Ethiopia and Djibouti are symbolizing best practice in the IGAD region in terms of economic cooperation.

Furthermore, Muluken (2015) depicts that leaders of Ethiopia and Djibouti discussed the ongoing economic and social interaction and identified mechanisms to broaden that on February 7, 2015. The two countries planned an extra USD two billion electric energy interconnection agreement envisaged to ensure affordable electricity access to Djibouti. Equally, there is a USD three billion worth Mega Gas pipeline to stretch to Djibouti Port enabling Ethiopia export natural gas developed at Kalub to global market. Furthermore, Nurye (2014), and Yohannes (2014) note that Ethiopia has signed a bilateral agreement with Djibouti in 2013 to supply 103,000 cubic meters of drinking water per day through pipeline. Again these engagements show joint commitment of the two countries on infrastructure connectivity is remarkable.

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<sup>27</sup> See MFA (1999) Protocol Agreement on the Electric power System Interconnection between the Federal Democratic Republic of Ethiopia and the Republic of Djibouti. The agreement was done- mindful of commitment of the two countries to cooperate in the energy sector under the Cooperation Agreement in the field of Energy, Mineral, and Petroleum resources.

Particularly, Ethiopia and Djibouti set construction of the new electrified Addis Ababa-Dewele-Djibouti electric railway on 7 July, 2013. Currently, the standard-gage Ethio-Djibouti electrified railway, that replaced the old one, is completed and officially inaugurated by the two countries in 2016. On top of this, the two countries agreed to accelerate construction of a new Tadjourah-Mekelle railway line mainly to facilitate potash export from Ethiopia to the global market. The region wide plan of railroad network that would connect Juba-Addis Ababa-Djibouti is also worthwhile to mention (Nurye, 2014). The railway connectivity deal includes development, operation, and management of the standard gage railway system. It was done mindful of engagement on railway infrastructure also encourages other investment<sup>28</sup>, regional transport and economic integration (MFA, 2012). In connection to this, a protocol on power supply to the Djibouti-Ethiopia Railway line has also been made on February 7, 2015. As per article (1) of the agreement, the parties agreed to additional 230KV power interconnection of linking Adigala (Ethiopia) to Nagad (Djibouti)<sup>29</sup> (MFA, 2015). This implies that the Ethio-Djibouti infrastructural connectivity has encouraged economic sympathy between the parties from which IGAD countries could draw a lesson.

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<sup>28</sup> See MFA (2012) Believing that cooperation in this area will strengthen economic cooperation on investment issues; stimulate economic development; and bring higher living standard for their respective citizens.-Bilateral Agreement between the Government of the Federal Democratic Republic of Ethiopia and the Government of Republic of Djibouti for the Development, Operation, and Management of a Standard Gage Railway Network.

<sup>29</sup> See MFA (2015) considering the construction of 230 KV transformation line and relevant sub-station to supply the Djibouti-Ethiopia Railway project-Protocol on power supply of Djibouti-Ethiopia Railway Project between Ethiopia and Djibouti.

## **Chapter Four: Economic Implications of Ethio-Djibouti Infrastructure Linkages**

According to Styan (2013), the Ethio-Djibouti corridor has supported Ethiopia's Growth and Transformation Plan (GTP) in facilitating global trade through the port of Djibouti. Besides, the cooperation between the two countries has moved one step forward to set best experience for collaboration around resources such as renewable energy, water, as well as, railway and road connectivity. So, examining economic implication of the multifaceted infrastructure linkages between the two countries from Ethiopia's perspective based on the realist inter-governmental perspective of relative economic advantage to the parties (see Chapter Two, above) is central to this study. This chapter has reviewed economic security and insecurity implications of the overall Ethio-Djibouti infrastructure linkages since 1998 on such as power interconnection, water supply, transport, and seaport services from Ethiopia's perspective.

### **4.1. Economic Implications of the Overall Infrastructures Connectivity**

Cross-border infrastructure connectivity and trade relation between countries help speed up inclusive economic development of the parties (Sahle, 2017, interview)<sup>30</sup>. As Muluken (2018) notes, Ethiopia and Djibouti are in good bilateral relation mainly since late 1990s. The two countries are connected with electric power trade, provision of portable water, port logistics, road, modern electrified railway, and optical fiber cable. Apart from this, the two countries agreed on construction of natural gas pipeline and customs facility. This implies that the two countries are experiencing multifaceted infrastructural link cognizant of economic return.

#### **4.1.1. Power Interconnection**

The Ethio-Djibouti power interconnection is first in its kind in East Africa and good sign of regional cooperation in the IGAD region. The project has been finalized with the USD 89.05

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<sup>30</sup> Sahle Tamru is a Director for Energy Study and Development follow up at the Ministry of Water Radiation and Electricity. The interview was held in Addis Ababa, on March 16, 2017.

million loan provided by African Development Bank in 2004. The 283 kilometers long energy transmission line conveys 230 kilovolts (African Development Bank, 2013). Ethiopia has started exporting electric power to Djibouti since 2011 (Sahle, interview, 2017)<sup>31</sup>. According to African Development Bank Group (2013: 18), the joint economic achievement of Ethio-Djibouti power interconnection comprises the following:

- Foreign exchange revenue for Ethiopian Electric Power Corporation (EEPCo), the power supplier. Currently EEPCo is exporting approximately 0.72GWH energy per day, which is equivalent to 180-300 GWH energy per year. The revenue earnings in foreign currency are estimated in the range of US\$ 12–20 million per annum;
- Savings for the off taker, Electricité de Djibouti (EdD), by avoiding the production of 0.72GWH energy per day from expensive fossil fuel thermal generation; more reliable supply of electricity to consumers; increase in the population's access to electricity at affordable price; and positive environmental impacts due to displacement of fossil fuel thermal generation.
- Twelve border towns are electrified to give access to the remotely located rural population; and
- Opportunities for the transfer of know-how to sub-contractors in both Djibouti and Ethiopia.

According to Abebe Kahsay (2017, interview)<sup>32</sup>, there are double lines of power transmission between Ethiopia and Djibouti, one emanating from Dire Dawa and the other from Hurso station. The consumption of power from Djibouti side is impressively increasing from time to time needing of extra supply. Nominally, the total carrying capacity of the interconnection is more than 300MW. But, Ethiopia is providing Djibouti with around 95 MW maximum and the average transmission is around 65 MW. Administrative wise, there is a joint interconnection committee (JIC) mandated to discuss and perform common tasks such as maintenance and operational works. This implies that the power trade has ensured strategic interest of energy security agenda of the two countries from which IGAD countries facing power shortage can draw a lesson.

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<sup>31</sup> Ibid

<sup>32</sup> Abebe Kahsay is a Director of Transmissions, Operation, and Maintenance in the Ethiopian Electric Power. The interview was held in Addis Ababa, on March 29, 2017.

Ethiopia and Djibouti are strengthening collaboration in utilizing resources to overcome structural challenges (African Development Bank Group, 2013). Accordingly, Styan (2013) remarks the interdependency between the two countries was first materialized when Ethiopia began to provide electric power to Djibouti. In terms of economic advantage, African Development Bank Group (2013) reports the Ethio-Djibouti power connectivity specific is benefiting both countries. Mesfin (2017, interview)<sup>33</sup> depicts that Djibouti is under continuous development particularly in building additional ports targeting Ethiopia and probably regional shipments requiring increased power. To this end, Ethiopia is under feasibility study to start construction of additional interconnection line with Djibouti through Mila. This implies that reciprocity on the ground of Ethiopia's ample renewable energy and Djibouti's considerable port expansions respectively.

Ethiopia is obtaining foreign currency from the power export to Djibouti that helps to deal with local energy security and reduced energy cost in Djibouti facilitating port service to Ethiopia. Equally, the cheap priced energy trade is best option to deal with electric power limitation in Djibouti (African Development Bank Group, 2013; and Zelalem, 2015). According to Styan (2013), produced by old and unreliable oil-fired generators, electric power in Djibouti has been expensively. In this regard, Mokurea (2017, interview)<sup>34</sup> argues that the economic benefit is based on the perspective of relative advantage. The advantage moves from the cheapest to the costly area. Djibouti's energy shortage has been a great challenge for the country's economic growth. Djibouti's power system is very much expensive as compared to the supply from Ethiopia, which is more than UD 0.30 per kWh. Ethiopia levies an average tariff of US 0.06 per kWh. The difference is US 0.24 per kWh. This remarks that the reduced cost of power has supported various economic activities in the country.

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<sup>33</sup> Mesfin Dabi is senior energy analyst under the Energy Study and Development Follow-up Directorate in the Ministry of Water Radiation and Electricity. The interview was held in Addis Ababa, on March 17, 2017.

<sup>34</sup> Mekurea Lema is a Director for Strategy and Planning in the Ethiopian Electric Power (EEP). The interview was held in Addis Ababa, on March 22, 2017.

In line with this, Gossaye (2017, interview)<sup>35</sup> notes that the tariff that Ethiopia imposed is almost 1/5<sup>th</sup> of the diesel cost in Djibouti. So, there is reasonable economic effect in terms of boosting Djibouti's development activities and betterment of peoples' lives. Accordingly, Mesfin (2017, interview)<sup>36</sup> argues that Djibouti is using this energy for industries, business activities, residence and office lighting. As African Economic Outlook (2012) reports, the power imported from Ethiopia has reduced selling price of power for industries and cut down burdens on household and business budgets in Djibouti. For instance, it has resulted in 30 per cent reduction of household fees for electric power consumption. This implies that the power interconnection seems to have come with a much better economic return to Djibouti, while generate foreign currency for Ethiopia.

Basically, Djibouti is generating energy from diesel power plants, but it not enough to satisfy the country's demand (Mesfin, 2017: interview)<sup>37</sup>. In this regard, Stayn (2013) depicts that the import of hydroelectric power from Ethiopia shows Djibouti's reliance on Ethiopia, which is worthwhile. In the view of Abebe Kahsay (2017, interview)<sup>38</sup>, Djibouti still needs reliable power supply. To this end, a feasibility study has been completed and financing is under way by the two countries. So, there is much wider space to accommodate Djibouti's demand in the future. So, Mokurea (2017, interview)<sup>39</sup> points out that Ethiopia will export whatever surplus power is available to Djibouti so as to fortify economic bond between the two countries. Equally, cognizant of the economic return, Djibouti requested second new line of 230 kilovolts in 2013 to link northern part of Djibouti joining Semera of Ethiopia and Jaba of Djibouti.

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<sup>35</sup> Gossaye Mengiste is a Chief Executive Officer of Ethiopian Electric Utility. The interview was held in Addis Ababa, on August 12, 2017.

<sup>36</sup> Mesfin Dabi is senior energy analyst under the Energy Study and Development Follow-up Directorate in the Ministry of Water Radiation and Electricity. The interview was held in Addis Ababa, on March 17, 2017.

<sup>37</sup> Ibid

<sup>38</sup> Abebe Kahsay is a Director of Transmissions, Operation, and Maintenance in the Ethiopian Electric Power. The interview was held in Addis Ababa, on March 29, 2017.

<sup>39</sup> Mekuria Lema is a Director for Strategy and Planning, Ethiopian Electric Power (EEP). The interview was held in Addis Ababa, on March 22, 2017.

According to Gossaye (2017, interview)<sup>40</sup>, Ethiopia is receiving foreign currency from the Ethiopia-Djibouti energy trade. Abebe Kahsay (2017, interview)<sup>41</sup> points that the energy trade with Djibouti is helping Ethiopia's economy. The total electric power sold to Djibouti from May 2011 to February 2018, is 2, 572, 315, 119.17 KWH and the total revenue Ethiopia earned is USD 177, 358, 586. 75. With this revenue, Ethiopia has rehabilitated more than 11 stations or grids domestically. So, Ethiopia is working hard to address its own energy security and reliability aspect along with producing for export as what is being traded with Djibouti right now can increase domestic, as well as, power export capability. However, the total amount of revenue received from Djibouti for the mentioned long time seems minimal. In line with this, Mesfin (2017, interview)<sup>42</sup> notes the revenue made from Djibouti is negligible because the price of the exported electricity is low as compared to investment spending of Ethiopia. In line with this, New African (2012) reports the long term advantage of the energy trade to Ethiopia is not reliable as Djibouti has small population with a smaller amount of consumption. Besides, Zelalem (2015) notes the country is proceeding to generate around 60 MW geothermal energy at Lake Assal at a cost of 240 USD million partially backed by China. These assertions imply that economic reciprocity of the power trade between the two countries is controversial.

On the other hand, Mekuria (2017, interview)<sup>43</sup> remarks that the factors of interdependence between the two countries are Ethiopia's renewable energy and Djibouti's port relative advantages respectively. Because access to the Djibouti port is much more vital to Ethiopia than the revenue generated from power trade as the power being exported is very small. On the top of this, Djibouti is establishing an industry zone bearing in mind that it would secure additional power supply from Ethiopia. Gossaye (2017, interview)<sup>44</sup> explains that while Djibouti has tried

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<sup>40</sup> Gossaye Mengiste is a Chief Executive Officer of Ethiopian Electric Utility. The interview was held in Addis Ababa, on August 12, 2017.

<sup>41</sup> Abebe Kahsay is a Director of Transmissions, Operation, and Maintenance in the Ethiopian Electric Power. The interview was held in Addis Ababa, on March 29, 2017.

<sup>42</sup> Mesfin Dabi is senior energy analyst under the Energy Study and Development Follow-up Directorate in the Ministry of Water Radiation and Electricity. The interview was held in Addis Ababa, on March 17, 2017.

<sup>43</sup> Mekuria Lema is a Director for Strategy and Planning, Ethiopian Electric Power (EEP). The interview was held in Addis Ababa, on March 22, 2017.

<sup>44</sup> Gossaye Mengiste is a Chief Executive Officer of Ethiopian Electric Utility. The interview was held in Addis Ababa, on August 12, 2017.

to explore geothermal energy, but the chemistry of the fluid is not good compared to that of Ethiopia. Even if it is explored, it will not replace Ethiopia's cheap hydroelectric power. Accordingly, Azeb Asnake<sup>45</sup> cited in Bilal (2018) depicts that Ethiopia is in the course of connecting extra power transmission based on request from Djibouti side. In this regard, the energy trade seems providing shared benefit for the two countries.

#### **4.1.2. Water Supply System**

Provision of portable water is another part of the infrastructure interconnection between Ethiopia and Djibouti. An agreement was signed on January 20, 2013 to construct a pipeline that dives full right to Djibouti to draw a 100,000 cubic meters drinking water per a day (Stayn, 2013). The amount of this water supply is five-fold of Djibouti's current generating capacity (All Africa, 2013). As per the country's constitution on economic tie with neighbors, Ethiopian legislators have approved to give potable water to Djibouti for free even if it has triggered debate (Beyene, 2014). Demelash (2017, interview)<sup>46</sup> reports that the initiation of this project came from Djibouti in 2011. Based on the request, the Prime Minister office has ordered for preparation of technical proposal to carry out the task. Then after, the two countries signed a Memorandum of Understanding (MoU) on footings of bilateral cooperation centered at generating drinking water to Djibouti. Accordingly, contract on implementation process was signed between Sufian Ahned Minister of Finance and Economic Development of Ethiopia, and Ilyas Moussa Dawaleh Minister of Finance of Djibouti on 20 January 2013 in Djibouti (All Africa, 2013). To this effect, Demelash (2017, interview)<sup>47</sup> depicts the Prime Minister office gave this responsibility to Ethiopia's Ministry of Finance and Economic Development (MOFED) to execute the project.

According to Demelash (2017, interview)<sup>48</sup>, the total cost of the project was USD 399 million, which was totally covered by Djibouti. The Djibouti Government has got the money from the

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<sup>45</sup> The former CEO of Ethiopian Electric Power.

<sup>46</sup> Demelash Mulu is a Project Manager of Ethio-Djibouti Trans Boundary Water Supply Project. The interview was held in Addis Ababa, on March 29, 2017.

<sup>47</sup> Ibid

<sup>48</sup> Ibid

Chinese Exim Bank as a loan. Ethiopia has allowed importation of construction materials for this specific project from China free of custom and tax. Ethiopia has also covered the cost of the consultancy works based on the request that come from Djibouti. Ethiopian engineers who were working there to supervise this project got their salary, per-diem and fuel expense from MOFED. On the other hand, huge amount of money spent for the civil wall, electromechanical, supply of pipes, and the hole drilling are covered by the Djibouti. So, it is understood that in spite of being supplier of the portable water free of charge, Ethiopia has also financially and technically supported towards completion of the project.

Similarly, the company has placed about 376 kilometers pipelines, on Ethiopia side 176 kilometers and on Djibouti side 200 kilometers of which 80 kilometers for distribution line in Djibouti town. There are also two booster stations which are in Ethiopian territory namely Kullen and Adigale pump stations. Twelve reservoirs are also designed in this project, five in Ethiopia and seven in Djibouti. Among the reservoirs, the main ones that the Chinese company has built on Djibouti side have a total storage capacity of 80, 000 cubic meters at peak, which is the biggest in the world.<sup>49</sup> According to Addis (2017), it is reported that Djiboutian dwellers of Belbela town are right now drinking Ethiopia's fresh water from the Adigala wells. Likewise, Ethiopia's border towns are going to benefit from it. As per the agreement, Beyene (2014) notes that Djibouti is supposed to pay reimbursement to Shinile, Ali Sabih, Dilhil, Ara residents in Ethiopia and Djibouti towns affected by the project.

According to Styan (2013), the agreement reached by the two countries for portable water supply is in the condition of 'shared vision' paving the way for a better economic interdependence. Yeshiwas (2017, interview)<sup>50</sup> notes, the water provision has implication to the two countries as there is no free lunch in this political world. It may seem for free, but it has the ambition of controlling Djibouti in a one valve as Ethiopia has the power to lock it if Djibouti denies port services. In line with this, Demelash (2017, interview) comments that economically, this project

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<sup>49</sup> Ibid

<sup>50</sup> At the time of the interview, Yeshiwas Asefa was Chairman of the Blue Part, which is recently merged with other political parties to form EZEMA (Ethiopia Citizens for Social Justice (ECSJ)). The interview was held in Addis Ababa, on March 19, 2017.

is very useful for both countries, though the benefit is indirect to Ethiopia. It is advantageous projects for Djibouti, which would help people of Djibouti who had suffered from shortage of portable water for the past so many decades. They were drinking salty ground water and were spending a lot of money to distill it. Apart from this, people of Djibouti were spending more than 2 USD per meter cube. So, the project is economically more helpful for Djibouti as a gift from Ethiopia. There is also an economic advantage again for Djibouti to expand its industry sector. Equally, at present, Ethiopia is deeply dependent on Djibouti as its principal maritime gateway. Djibouti port is vital for Ethiopia's import-export trade as the economy is transforming from agriculture to agro-industry and industrialization on the process. Hence, this water supply project is one of the mile stone to strengthen economic and political relations between the two countries.<sup>51</sup>

Nonetheless, in the view of Yakob (2017, interview)<sup>52</sup>, Djibouti gets portable water for free. Accordingly, the supply of water by Ethiopia becomes long-standing strategic advantage for Djibouti's development activities considering serious water scarcity in the country (OBG, 2018). So, it is a kind of persuading Djibouti not to raise the port tax. However, Ethiopia pays huge tax and demurrage costs for utilizing the Djibouti port on a daily basis, which is really unfair.<sup>53</sup> It is understood that the water supply is supposed to create a sense of give and take by creating economic interdependence between the two countries. Ethiopia had shown strong commitment for the water delivery and had contributed enough to finalize the project although its economic return is not direct. In spite of huge port charge being paid to Djibouti to conduct its import and export trade, Ethiopia is giving the portable water for free, which makes the cross-border water supply imbalanced economic diplomacy.

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<sup>51</sup> Demelash Mulu is a Project Manager of Ethio-Djibouti Trans Boundary Water Supply Project. The interview was held in Addis Ababa, on March 29, 2017.

<sup>52</sup> Yakob Hailemariam is an Ethiopian scholar in International Law and Consultant on Legal Affairs (also author of a book entitled, 'To whom does Assab belong'). The interview was held in Addis Ababa, on July 07, 2017.

<sup>53</sup> Ibid

### 4.1.3. Telecom Connectivity

East Africa is known for slow and expensive internet access. However, in partnership with local and international investors, the Djibouti Data Center (DDC) has the intention to improve that. It is linked to eight optic cables that made part of Europe to Asia route traveling through the Mediterranean, Red Sea and the Indian Ocean crossing Djibouti (Smith, 2014). Djibouti needed to work on its geographic location through investing in fiber-optic connection to serve the region as gateway hub. At present, Djibouti has large global networks in East Africa that could provide data to Ethiopia (OBG, 2017). Herlihy (2010)<sup>54</sup> remarks the Ethiopian Telecommunication Corporation (ETC) has signed an agreement with Djibouti on optic fiber and micro wave networks to provide Ethiopia with international broadband fiber connectivity through Djibouti.

As the Ethio-Djibouti Ministerial Commission (2004) notes, a developed and high capacity microwave and optic fiber network had been constructed to link Ethiopia with the external world through Djibouti. The fiber-optic cable with a capacity of 1.5 Gigabits and back-up mechanism was established at the border town of Galafi. Ethiopia is planning to upgrade the capacity to 100 Gigabits in future (OBG, 2017). Regarding its economic implication, Herlihy (2010) (quoting Amare Amsalu)<sup>55</sup> remarks, accessibility of ‘bandwidth’ to Ethiopia has dividend of reduced telecommunication cost, novel economic development and opportunities, improvement of ICT infrastructure and new technologies in the country like high definition television and peer to peer networks. Furthermore, Smith (2014) points that the improved global ‘bandwidth’, fiber infrastructure, and 3G mobile broadband services have followed in flourished ‘broadband market. The Ethio-Djibouti Ministerial Commission (2004) further notes ownership, operation, and maintenance of the internet broadcast were transferred to the ETC. This implies that Djibouti is importantly serving as a land link to connect landlocked Ethiopia with the rest of the world.

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<sup>54</sup> He is CEO of SEACOM (Cabling Technology Solutions).

<sup>55</sup> He was CEO of the Ethiopian Telecommunication Corporation.

#### **4.1.4. Transit Infrastructures Connectivity**

African landlocked developing countries such as Ethiopia have encountered problems of efficient transit infrastructure for international trade (Tsegaye and Endris, 2011). Ethiopia is engaged on expansion of industrial parks, delivery infrastructures, and skill development with a plan of doubling import-export trade. As part of second phase of the Growth and Transformation Plan (GTP II), Ethiopia has planned to be a light industrial center in Africa on textile, leather products, and processed agricultural items by 2025. Nonetheless, its economic growth and development is partly hampered by lack of direct access to the sea resultant isolation from global markets, poor trade logistics, tight transit procedures, sluggish transit, and huge port charge and freight transit costs (FDRE, 2013). So, assuring trade logistics of high performance is crucial for Ethiopia to integrate itself with regional and global market (UNDP Ethiopia, 2017). Hence, this section has assessed economic security and insecurity implications of the Ethio-Djibouti transit infrastructure.

##### **4.1.4.1. Ethiopia's Maritime Gateway Status**

Previously, Ethiopia had its own ports; however, the independence of Eritrea in 1991 made the country a landlocked state (Zelalem, 2018). In the view of Tafese (2017, interview)<sup>56</sup>, Ethiopia's maritime gateway status has been a constant flag. Obtaining direct access to the Red Sea to conduct import and export trade is very much interrelated with who actually controls the coastal area and become dependent firstly on Eritrea's Assab and Massawa ports. When the coastal areas were under the control of foreign powers, Ethiopia was a landlocked state. After withdrawal of the foreign powers, Ethiopia used to have direct access to the sea to undertake unconstrained foreign trade. After the 1998-2000 war with Eritrea, Ethiopia totally shifted to more or less solely using the port of Djibouti as its main outlet to the sea. On top of this, Love (2009) notes that Ethiopia and Djibouti had a long-lasting relations. Djibouti was preferred by Ethiopia even when the later had its own outlet to the sea. For instance, 80-85 per cent of Ethiopia's

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<sup>56</sup> Tafese Olika is an Assistance Professor of Political Science and International Relations, Addis Ababa University. The interview was held in Addis Ababa, on July 1, 2017.

international trade was handled through Assab in 1997. This means that Djibouti covered the remaining 15-20 per cent of Ethiopia's import and export trade. Ethiopia has become vulnerably dependent on Djibouti for access to seaport since the Ethio-Eritrea conflict. It implies that Ethiopia and Djibouti had a historic seaport access connection before and after Eritrea's independence.

Following the loss of Assab and Massawa ports, the general cargo and petroleum imports of Ethiopia instantly increase fourfold creating an economic advantage for Djibouti. The volume of Ethiopia's international trade excessively increased, making Djibouti Ethiopia's principal channel requiring upgrading of port facilities (Zelalem, 2015). For example, the total import-export volume of Ethiopia in 1993 was 1.13 million metric tons out of which only 10 per cent was transited through port of Djibouti. At present, the annual import-export volume has reached 14.3 million metric tons out of which more than 90 per cent is being served through the port of Djibouti (Temesgen, 2017, interview)<sup>57</sup> showing a paradigm shift both in import-export volume and port utilization to Djibouti.

For landlocked Ethiopia, transit logistics with greater performance is pivotal for efficient international trade. The right of landlocked countries to use ports and corridor of transit states is protected by African Maritime Transport Charter of 2010. Accordingly, Ethiopia has signed an agreement on port utilization and operation with Djibouti and Sudan (UNDP Ethiopia, 2017). Ethiopia has also initiatives of infrastructure development cooperation with coastal countries like Somaliland and Kenya. But, the most remarkable one is the transport and maritime logistics tie between Ethiopia and Djibouti that can be exemplary to the IGAD region as the two countries are linked with road, standard gauge electrified railway, and port infrastructures. The two countries also recently agreed on construction of natural gas pipelines that links Ethiopia with Port of Djibouti (Capital, 2018). On the top of this, according to Ahmed (2018, interview)<sup>58</sup>, Ethiopia has a shipping line hosted in Djibouti. More importantly, Capital (2018) remarks the two countries recently agreed to establish new port and develop the existing port facilities in

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<sup>57</sup> Temesgen Yihunie is a Team Leader, Port and Transit Corridor Management at the Ethiopian Maritime Affairs Authority (EMAA). The interview was held in Addis Ababa, on March 7, 2017.

<sup>58</sup> Ahmed Shedi is the then Minister of Transport of Federal Democratic Republic of Ethiopia. The interview was held in Addis Ababa on January 1, 2018.

partnership. This indicates that Ethiopia and Djibouti are engaged on multifaceted transit infrastructure development cooperation that can set example to other Horn of African countries.

Nonetheless, Akeler (2017, interview)<sup>59</sup> remarks Ethiopia is still facing maritime gateway insecurity. Ethiopia's destiny at this time is almost exclusively dependent on maintaining a good relationship with Djibouti. Ethiopia is pursuing the infrastructure linkages on the fact that Djibouti will be a nice neighbor and continue maintaining that channel of access to the Sea. However, Ethiopia needs to behave tactfully in this region to sustain itself given it has more than 100 million populations that demand lot of imported items. Ethiopia should recognize the risk of being landlocked in such a fashion that other landlocked countries like Uganda and Rwanda would not have the same threat due to diversified access to seaport. Equally, Tafese (2017, interview)<sup>60</sup> argues that Ethiopia cannot directly conduct foreign trade to actualize its development activities to enhance welfare of its people. Ethiopia is not economically self-sufficient state and cannot produce military weapons to defend itself from security threats. Likewise, confidentiality of importing military hardware and software through Djibouti is questionable. Hence, the reality of maritime gateway dilemma affects both Ethiopia and its peoples. It is hard fact that with the exception of South Sudan, all the coastal neighbors have their own ports that could be accessible to Ethiopia. Given that Ethiopia is a populous country with growing economy and import-export demand, heavy reliance on a single port of other country poses economic, political, and military security predicaments. This means that present Ethiopia's insecurity in maritime gateway must be seriously considered by policy makers in a very long-term and strategic manner.

In line with this, Yisak (2017, interview)<sup>61</sup> argues, currently Ethiopia has become one of the fastest growing economies that encourage expansion of regional and global market requiring

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<sup>59</sup> Mosses Akeler is a Kenyan national, and IGAD (ISSP) Expert in charge of Conflict Analyst. The interview was held in Addis Ababa on May 22, 2017.

<sup>60</sup> Tafese Olika is an Assistance Professor of Political Science and International Relations, Addis Ababa University. The interview was held in Addis Ababa on July 1, 2017.

<sup>61</sup> Yisak Tekalign is a Director of Bilateral and Regional Trade Relation and Negotiation in the Ministry of Trade. The interview was held in Addis Ababa, on February 19, 2017.

alternative ports. Djibouti port alone is not enough in the years to come and Ethiopia must find other ports especially for areas, which are very far from the port of Djibouti. The different regional units in the country are economically growing demanding cost effective port services. To this effect, Birhanu (2017) notes Ethiopia has signed an agreement with Sudan to improve Port Sudan to handle 50 per cent of its trade volume. Besides, the Reporter (2018) states, Ethiopia and Sudan recently have agreed on an arrangement enabling Ethiopia to take a stake on coastlines of Sudan. It is reported by the Ministry of Foreign Affairs of Ethiopia that leaders of the two countries agreed to jointly develop Port Sudan.

Moreover, Ethiopia has constructed 700 kilometers road that links Addis Ababa-Nairobi-Mombasa through Moyale (Healy, 2011). As construction of Port Mombasa, which is the nearby Kenyan port to Southern part of Ethiopia, is finalized, Ethiopian ships can access it (UNDP Ethiopia, 2017). Though pending due to security challenges in South Sudan and North East Kenya, the project by Ethiopia, Kenya, and South Sudan known as Lammu Port-South Sudan-Ethiopia Transport (LAPSSSET) is worth mentioning (Belete, 2017, interview).<sup>62</sup> In the view of Akeler (2017, interview)<sup>63</sup>, to minimize vulnerability to Djibouti's possible manipulation, Ethiopia has started having a much more concrete conversation with Kenya in connection to the LAPSE project. The infrastructure development should be seen in a broader picture beyond Ethiopia and Djibouti. For example, the LAPSSSET corridor is going to connect Kenya with Moyalle of Ethiopia all the way to Djibouti. So, Belete (2017, interview)<sup>64</sup> argues that if the infrastructure connecting those countries is finalized, Ports of Lamu and Mombasa can be supplementary for Ethiopia.

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<sup>62</sup> Belete Belachew is senior researcher at Center for Dialogue, Resresearch and Cooperation (CDRC) and author of "Djibouti: A Measure of Ethiopia's Dependence". The interview was held in Addis Ababa, on June 23, 2017.

<sup>63</sup> Mosses Akeler is IGAD (ISSP) Expert in charge of Conflict Analyst. The interview was held in Addis Ababa, on May 22, 2017.

<sup>64</sup> Belete Belachew is senior researcher at Center for Dialogue, Resresearch and Cooperation (CDRC) and author of "Djibouti: A Measure of Ethiopia's Dependence". The interview was held in Addis Ababa, on June 23, 2017.

On the other hand, according to the Reporter, albeit has raised controversy, there is tripartite agreement between Ethiopia, Dubai Port World (DP World) and Somaliland Port Authority in 2018, regarding the usage and operations of Berbera port. As a result of the deal, Ethiopia, DP World and the Somaliland Port Authority would acquire 19 per cent, 51 per cent, and 30 per cent stakes respectively. In line with this, an agreement has also been extended by Ethiopia to invest on road and railway infrastructure to linking it with Berbera port (Zelalem, 2018). To this effect, Fasika (2018) notes the parties have allocated USD 442 million for the overall port expansion and development of additional facilities. The port is expected to hold 150,000 containers after first phase expansion finalized. Accordingly, Ethiopia is dedicated to construct 780 kilometres road connecting Berbera Port with Ethiopia's border town of Togochole. Nonetheless, Zelalem (2018) paints that Ethiopia and Somalia interred into a disagreement instantly and the later condemned the port deal jeopardizing the former's effort to minimize its dependency on Djibouti Ports. This implies that even securing optional port has come to be challenging to Ethiopia due to the geostrategic interest induced by external powers' and geopolitical dynamics in the region.

It is also important to note that the dispute over the plan to develop Port Berbera has a potential danger of destabilizing the Horn region (Fortune, 2018). Interestingly, in the view of Belete (2017, interview)<sup>65</sup>, the other obvious choice for Ethiopia is amending relationship with Eritrea. Ethiopia could use the Ports of Assab and Massawa. However, Djibouti is not interested to see Ethiopia and Eritrea mending fences so that Ethiopia secures an alternative port. Despite this, Fortune (2018) stated that rapprochement of Ethiopia and Eritrea has become real as United States and United Arab Emirates played leading role in the peace process to end the two decades stalemate.

As a result of this new scenario, the Ethiopian Maritime Affairs Authority (EMAA) declared that Eritrean ports of Massawa and Assab are ready to handle Ethiopia's import and export cargos. Port of Massawa is cost effective port to northern part of Ethiopia where potash is found and new industrial parks are under development. The Port of Assab is not yet ready to provide service for

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<sup>65</sup> Belete Belachew is senior researcher at Center for Dialogue, Research and Cooperation (CDRC) and author of "Djibouti: A Measure of Ethiopia's Dependence". The interview was held in Addis Ababa, on June 23, 2017.

road maintenance and upgrading reasons (Yonas, 2018). However, in the view of Belete (2017, interview)<sup>66</sup>, Ethiopia could use the port of Assab albeit Djibouti is not happy to see Ethiopia and Eritrea coming to norm so that Ethiopia gets alternative ports. Considering Djibouti's huge port charge and demurrage costs about USD 2 billion per year, sea grabbing for navy and military bases and infrastructure expansion by external powers in Djibouti, geopolitical dynamics in the region, and progresses for port diversification by Ethiopia, it is commanding to assess maritime gateway security implications of the Ethiopia's transit infrastructure linkages with Djibouti from Ethiopian perspective.

#### **4.1.4.2. Economic Security Implications of the Transit Infrastructure Linkage**

##### **4.1.4.2.1. Improved Transit Infrastructures and Maritime Logistics**

More than 90 per cent of Ethiopia's import-export trade is being conducted through Djibouti ports and the roads connected to it are vital to import-export business of Ethiopia. The Ethio-Djibouti road corridor is the busiest as about 900 trucks cross the border per a day (Alemayehu, 2017, interview).<sup>67</sup> According to Gedefaw (2017, interview)<sup>68</sup>, the Ethio-Djibouti road is the main trade corridor for Ethiopia. The second road intersection is currently under construction to be completed in 2019. It heads from the main Djibouti-Addis corridor towards Djibouti's Tadjourah. Stretching about 81 kilometers, it is going to be made of cement concrete mainly to accommodate potash export. The Dalol to Tadjourah corridor along the Afar regional state of Ethiopia needs construction of 430 kilometers as the potash factories are going to use huge number of trucks that need good quality roads. Currently, Ethiopia has started two projects. One is cement concrete road from Dallol to Afrdera with cost of about three billion Birr. The other one is the road from Afrdera to Sordo that needs upgrading. The other access to Djibouti, which is recently completed, is the 10 kilometers long Semerra-Dupty road. Across the big sugar factory

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<sup>66</sup> Ibid

<sup>67</sup> Alemayehu Wolde is a Directorate Director of Truck Transport Competencies Insurance in the Federal Transport Authority. The interview was held in Addis Ababa, on April 21, 2017.

<sup>68</sup> Gedefaw Asmamaw is an Eastern Region Contract Management Directorate Director in the Ethiopian Road Authority. The interview was held in Addis Ababa, on March 21, 2017.

which is under establishment, there is a Dupty-Asayta-Djibouti road corridor as an ongoing third access to Djibouti planned mainly for the transportation of sugar. According to Six (2017, interview)<sup>69</sup>, considering Ethiopia's economic and population growths, the Ethio-Djibouti road corridor would remain very critical because railway cannot essentially replace it.

More importantly, Ethiopia and Djibouti have signed an agreement on July 2012 to renew and modernize the old railway. The two countries believe that the railway connectivity will improve the economic cooperation, development, and living standard of their respective citizens<sup>70</sup>. Above all, Ethiopia's increased demand for import of merchandises, fertilizers, and food aids has caused congestion of Ethio-Djibouti corridor partly due to problems such as poor road condition. Consequently, Seyoum (2012) notes that the two countries decided to be linked through two railway lines namely the Addis Ababa-Dire Dawa-Djibouti and Mekelle-Weldya-Semera-Tadjourah. Particularly, the former has got priority as it has key economic implication for the country. In the view of Kiganda (2017), the electrified railway line has been a joint venture company for the purpose of smooth management. It was built by two Chinese companies namely China Railway Group (CRG) and China Rail Engineering Construction (CREC). While the first 320 kilometers from Sebeta to Mieso was built by the China Rail Engineering Corporation, the second 436 kilometers long from Mieso to Djibouti Port was constructed by the China Railway Group. Mehari (2017) notes that while the Ethiopia has financed 30 per cent of the total cost; the remaining 70 per cent was covered by the Exim Bank of China, the China Development Bank, and the Industrial and Commercial Bank of China. As ENA (2019) reports, the 750 kilometers long railway was build and completed in 2016 at an expense of 4.2 billion USD.

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<sup>69</sup> Six Abrar is a Road Network Planning Team Leader in the Ethiopian Road Authority. The interview was held in Addis Ababa, on March 19, 2017.

<sup>70</sup> Bilateral agreement for the development, operation, and management of a standard gauge railway network signed between Ethiopia and Djibouti on 14 July, 2012.

**Figure 2: The Ethio-Djibouti Electrified Railway**



Source: ENA, 2019

In order to share resources to ensure effective operation of the modern rail transport service, Ethiopia and Djibouti developed Share Company owned by the respective national railway corporations in accordance with their national interests.<sup>71</sup> According to Mesafint (2017, interview)<sup>72</sup>, the joint railway company is going to be administered through board set by both countries. For being registered in Ethiopia, the company will be governed by Ethiopian law. Given the hinterland length of the railroad resultant huge expense, the share is 75 to 25 per cent to Ethiopia and Djibouti respectively. Construction expense and ownership of the railway infrastructure was based on the shared venture and financial profit will be shared accordingly if the railway service is supplemented by business activities. However, financial profit is less feasible as maintenances, which would be jointly covered require huge amount of hard currency.

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<sup>71</sup> Bilateral agreement for the development, operation, and management of a standard gauge railway network signed between Ethiopia and Djibouti on 14 July, 2012.

<sup>72</sup>Mesafint Ashenef is a Director of Legal Service in the Ethiopian Railway Corporation. The interview was held in Addis Ababa on September 07, 2017.

So, economic feasibility of the railway for Ethiopia is in terms of time efficiency, competitiveness of import-export trade, job opportunity, and reducing demurrage costs.

Ahmed (2018, interview)<sup>73</sup> points that Ethiopia has invested more than five billion USD on the Ethio-Djibouti railway, which is planned to be used for 100 years. In other words, Ethiopia has greatly invested on the railway line, so as, to harness long-term economic advantage. In the view of Wogyayehu (2017, interview)<sup>74</sup>, the electrified railway would facilitate Ethiopia's import-export trade. According to ENA (2019), the railway line aims to attain 85 per cent of Ethiopia's shipment facility through faster transit in way of eliminating demurrage costs that Ethiopia pays. Accordingly, Warsame (2017) remarks that economic advantage of the Ethio-Djibouti railway is in terms of time, cost, and partly reducing traffic congestion along the corridor. With an average speed of 120 kilometers/hour, it reduces traveling time on average from two days to less than 10 hours resulting in quick and efficient flow of cargo along the corridor. Besides, Alemu (2017, interview)<sup>75</sup> notes, the railway infrastructures ensures cargo flow with least stoppage and checkup.

According to OBG (2017), carrying capacity of single train is equivalent to carriage of 200 trucks estimated to be six-seven million tons annually presently and expected to increase up to 10 million tons in the years to come. Similarly, Alemu (2017, interview)<sup>76</sup> notes that the railway, which is under multi-modal transport system, enabled Ethiopia to transit hundreds of containers at a time. In so doing, it reduces waiting time at Djibouti port helping goods and services flow into destination timely through facilitated transit services. In other words, Tadele (2017,

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<sup>73</sup> Ahmed Shedi was a Ministry of Transport during interview time and now Ministry of Finance and Development of FDRE. The interview was held in Addis Ababa on January 1, 2018.

<sup>74</sup> Wogyayehu Adebu is a Custom Procedure Developer Team Coordinator in Ethiopian Revenue and Customs Authority. The interview was held in Addis Ababa on August 16, 2017.

<sup>75</sup> Alemu Ambaye is a Deputy Chief Executive Officer of the Ethiopian Shipping and Logistic Service Enterprise in charge of the Shipping sector. The interview was held in Addis Ababa on July 21, 2017.

<sup>76</sup> Ibid

interview)<sup>77</sup> argues that the railway has reduced demurrage (storage and delayed operation of loading/unloading) costs to Ethiopia. The electrified railway transport is, therefore, estimated to reduce the demurrage costs by up to 50 per cent. According to Mengisteab (2018), conveying nearly 40 to 50 per cent of Ethiopia's import-export freights, the Addiss Ababa-Djibouti railway is an appropriate mechanism to improve effectiveness of Ethiopia's international trade. Moreover, the ongoing 280 kilometer railway line connecting the port of Tadjourah (in Djibouti) to Semera and Mekelle (northern Ethiopia) would enable Ethiopia to export potash to global markets.

Tadele (2017, interview)<sup>78</sup> depicts, the electric driven railway has substituted many heavy truck vehicles that transport oil and container freights. For instance, one locomotive is estimated to substitute 50 trucks, which is a capacity of carrying more than 3,000 tones at a single trip. Likewise, Mulugeta (2018, interview)<sup>79</sup> notes that a freight that may need 20 transit days by heavy trucks could be cleared within 10 days using rail vehicles. In other words, railway transit system reduces costs per unit of import-export items. Consequently, Eliase (2017, interview)<sup>80</sup> remarks railway under multi-modal transit system is proved to reduce  $\frac{3}{4}$  of the transit charge levied by truck transport.

Equally, OBG (2018) reports that with the capacity to transport 240,000 barrels fuel per day, the new railway infrastructure will be helpful in carrying refined petroleum products, which has been usually transported by numerous tanker trucks. Similarly, the railroad minimizes road maintenances expense by reducing intensity of truck traffic along the corridor. The USD 1.55 billion joint project of a 550-kilometers oil pipeline between Djibouti and Ethiopia will be

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<sup>77</sup> Tadele Degefa is a Manger in Rail Network, Quality, Safety, Security, and Environment management Section in the Ethiopian Railway Corporation. The interview was held in Addis Ababa, on September, 07, 2017.

<sup>78</sup> Tadele Degefa is a Manger in Rail Network, Quality, Safety, Security, and Environment management Section in the Ethiopian Railway Corporation. The interview was held in Addis Ababa, on September, 07, 2017.

<sup>79</sup> Mulugeta Halefom is a Marketing and Sales Head of Trans Transit Company. The interview was held in Addis Ababa, on March 05, 2018.

<sup>80</sup> Elias Kifleariam is Customs Procedure expert under the Electronic Customs Management System (WF-ECMS) Project. The interview was held in Addis Ababa, on December 29, 2017.

instrumental to ease intense traffic along the corridor. Besides, Alemu (2017, interview)<sup>81</sup> depicts that while, the heavy trucks used to consume a lot of fuel, employment cost of drivers, and a lot of spare parts that need a lot of hard currency, the railway transport system uses renewable energy reducing extra costs to Ethiopia. This implies that the railway infrastructure is considerably replacing freight transit through heavy truck reducing transit and overhead cost and traffic congestion to Ethiopia.

Moreover, Tadele (2017, interview)<sup>82</sup> remarks that the Ethio-Djibouti railway line has transit oriented development (TOD) impact. The modern railway line does possess up-to-date stations, where many commercial activities will be carried out. Revenue can be generated from business activities along the railway line by increasing land value through opening cafes, clothing shops, vegetable and food courts, and big Supermarkets. Apart from this, it creates employment opportunities to those individuals living close to the areas where the railway crosses. As Ethiopian News Agency (ENA, 2016) citing Dereje Tefera<sup>83</sup> reports, the railway line comprises 19 stations and has created a job opportunity for 16, 000 people. It is, therefore, imperative that the Ethio-Djibouti railway line has social and economic returns for the two countries. Apart from this, Tadele (2017, interview) notes that the rail road promotes tourism along the corridor.<sup>84</sup> Equally, Styan (2013) points out that the railway connectivity also boosts the “industrial parks” and “modern farms” of Ethiopia. So far, ENA (2019) citing Tilahun Sarka<sup>85</sup> reports, both the freight and traveler railway services are recording notable economic attainments to Ethiopia. About 13 million tons of Ethiopia’s merchandise is being imported through Djibouti. Besides, 700 million birr was achieved from 150, 000 travelers conveyed through the railway in 2018. Consequently, the Ethio-Djibouti Railway Corporation is preparing to make its cargo and

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<sup>81</sup> Alemu Ambaye is a Deputy Chief Executive Officer of the Ethiopian Shipping and Logistic Service Enterprise, in charge of the Shipping sector. The interview was held in Addis Ababa, on July 21, 2017.

<sup>82</sup> Tadele Degefa is a Manger in Rail Network, Quality, Safety, Security, and Environment management Section in the Ethiopian Railway Corporation. The interview was held in Addis Ababa, on September 07, 2017.

<sup>83</sup> Chief communication officer of Ethiopian Railway Corporation (ERC)

<sup>84</sup> Tadele Degefa is a Manger in Rail Network, Quality, Safety, Security, and Environment management Section in the Ethiopian Railway Corporation. The interview was held in Addis Ababa, on September 07, 2017.

<sup>85</sup> He is Director-General of the Ethio-Djibouti Railway Corporation (EDRC).

passenger journeys from Addis Ababa to Djibouti twofold by up scaling the present two cargo train trip per day to four.

Apart from this, Warsame (2017) points out that situated in the world's 60 per cent maritime trade route connecting Europe, Africa, and Asia, Djibouti has developed better maritime logistics as compared to other coastal countries of the Horn. Siraje (2017, interview)<sup>86</sup> argues that Djibouti has invested on its ports after realizing the revenue it makes from port services to Ethiopia and beyond. Accordingly, Yohannes (2006) explains, Ethiopia has prioritized implementation of multimodal (namely land, sea) transport system and expansion of hinterland dry port services. Ethiopia and Djibouti agreed on November 18, 2006 for application of multimodal transport system, which enables 20 years effective utilization of the Port of Djibouti. The Ethiopian Shipping and Logistics Service Enterprise (ESLSE) has taken the responsibility of implementing multimodal transport system since 2007. Currently, Mokenen (2017, interview)<sup>87</sup> notes, Djibouti has three operating ports, the old port of Djibouti, the Doraleh container terminal, and the horizon oil terminal. Ethiopia is using all of these ports in such a manner for 'general cargo', the old port of Djibouti, for 'containerized cargo', Doraleh container terminal, and for 'liquid bulk', the horizon terminal. These port expansion activities imply that Djibouti has enhanced relative advantage of being preferred by Ethiopia.

Accordingly, Benson (2018) remarks that Djibouti has benefited from funds of UAE and China to develop extra port facilities and 'free trade zone'. Warsame (2017) points out that Djibouti has an overt need to increase capacity and competitiveness of port and maritime facilities to enhance its position as regional hub for transport and logistics services. Djibouti has financed airport, pipelines, port and terminal facilities with the cost of USD 14 billion (most of which to be financed by Chinese banks and other international corporations). The investments are set to

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<sup>86</sup> Siraj Abdela is a Director for Planning and Business Development Department in Ethiopian Shipping and Logistics Service Enterprise. The interview was held in Addis Ababa, on March 7, 2017.

<sup>87</sup> Mekonen Abera is a Director General of Ethiopian Maritime Affairs Authority. The interview was held in Addis Ababa, on February 21, 2017.

increase port service and customs revenue from Ethiopia's increasing import-export demands, which Port Djibouti is handling more than 90 per cent of it.

According to Suleiman (2017, interview)<sup>88</sup>, expansion of maritime logistics has played very important role to smooth flow of cargo to and out of Ethiopia. Alemu (2017, interview)<sup>89</sup> points out that better maritime logistics development in Djibouti in terms of port facilities has good economic benefit to Ethiopia. Other than Tajuhra and Damerjog ports, Djibouti has invested USD 590 million on wider Doraleh dry port (Stayn, 2019). Moreover, Muluken (2019) depicts, the Doraleh Multipurpose Port (DMP), which is the leading in the East Africa, has recently declared to be connected with the Ethio-Djibouti Railway Line in early 2020. Wahib Dahir Aden, CEO of DMP told Capital that the port has high depth with the capacity of accommodating big vessels up to 80,000 metric tons that can reduce cost from five to seven USD per ton. In this regard, Siraj (2017, interview)<sup>90</sup> reveals that Port Djibouti is technically one of the best ports with fairly highest draft for harboring big ships. For example, Djibouti Port is deeper than Assab and Massawa ports. Accordingly, Benson (2018) depicts that Djibouti might remain competitive port to Ethiopia. This shows that although still need further advancement considering Ethiopia's growing demands, Djibouti ports are somehow better as compared to the other ports of coastal states in the Horn of Africa.

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<sup>88</sup> At the time of the interview, Suleiman Dedeffer was a Director General for the Middle East Affairs in the Ministry of Foreign Affairs. Previously, he was Ethiopia's Ambassador to Djibouti. Currently, he is Ethiopia's Ambassador to Abu Dhabi, the capital of the United Arab Emirates. The interview was held in Addis Ababa on June 27, 2017.

<sup>89</sup> Alemu Ambaye is a Deputy Chief Executive Officer of the Ethiopian Shipping and Logistic Service Enterprise in charge of the Shipping sector. The interview was held in Addis Ababa, on July 21, 2017.

<sup>90</sup> Siraj Abdela is a Director for Planning and Business Development Department in Ethiopian Shipping and Logistics Service Enterprise. The interview was held in Addis Ababa, on March 7, 2017.

As Mokenen (2017, interview)<sup>91</sup> notes, in partnership with DP World, Djibouti invested more than USD 400 million on ports mainly for advantage of Ethiopia, which is heavily reliant on. Djibouti has also constructed the largest oil storage terminal in the continent at Doraleh at a cost of USD 120 million. The developments of these two facilities are vital to contain the growing import-export demand of the landlocked Ethiopia (New African, 2012). Moreover, Capital (2018) mentioning Chairman of Djibouti Ports and Free Zone Authority (DPFZA), Aboubaker Omar Hadi reports, in addition to the China's investment on port development, Djibouti is under negotiation with a France company diversifying its logistics collaboration from east to west. Djibouti plans to launch a new container terminal in partnership with France shipping company with a cost of USD 660 million since early 2018. The planned facility namely Djibouti International Container Terminal (DICT) will be located between Doraleh Container Terminal and the newly opened Doraleh Multi-Purpose Port (DMP). With a natural depth of 18.5 meters, the forthcoming terminal will have capacity of 2.5 million TEU containers. These assertions suggest a good prospect for the ever increasing import-export demands of Ethiopia.

Furthermore, Mokenen (2017, interview)<sup>92</sup> points that the other exclusive advantage of Djibouti Port for Ethiopia is its developed 'dedicated container terminals', which is better than other ports in the Horn of Africa like Assab, Massawa, Port Sudan, and Berbera. Port Djibouti is big enough to handle big vessels, huge volumes, and enormous cargos. The modern container terminal has the capacity of 1.2 million TEU (Twenty Eva lent Container) per annum. Without the dedicated terminal, Ethiopia's import and export will be transported by feeder vessels resulting in additional 300 to 400 USD cost per TEU. So, using port of Djibouti is an advantage for Ethiopia, particularly to transport big cargo volume. Djibouti port has also wholesale shipment terminals and very modern bagging machines. Hence, discharging rate of wholesale shipment has been improved. Djibouti has also a dedicated oil terminal (called horizon) and general cargo terminals. Although, Ethiopia's general cargo vessels are being served by the old terminal, which has no shore Crain, Djibouti has already started development of new cargo terminal. Moreover, Djibouti port is good in its operational system as it has developed both the infrastructure and

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<sup>91</sup> Mekonen Abera is a Director General of Ethiopian Maritime Affairs Authority. The interview was held in Addis Ababa, on February 21, 2017.

<sup>92</sup> Ibid

superstructure. The infrastructure refers to the development of berths and the drafts, whereas, the superstructure refers to cargo-handling equipment, staffing, loading area, skilled manpower, and information technology. This suggests that Djibouti has strategically worked to ensure relative advantage on port services given it has attractive strategic location.

Figure 3:- Port of Djibouti



Source: - Warsame (2017)

Figure 4:- Port Facility and Cargo Terminal at Djibouti



Source:-Ethiopian Maritime Affairs Authority (EMAA)

#### 4.1.4.2.2. Joint Multimodal Transport System and Dry Ports

Concerning maritime logistics linkage between Ethiopia and Djibouti, it is important to see benefits of the Multi-modal transit systems as compared to Uni-modal system. According to Alemayehu (2017, interview)<sup>93</sup>, before some years, Uni-modal transport system was the main transport system between the two countries. It is a transit scheme based on multiple contract documents with different transistors from initial spot to the destination. In the view of Siraje (2017, interview)<sup>94</sup> this means that the importer or cargo owner makes different types of agreement for different types of transport modality. This means there is a separate agreement for the sea and land freight transits with different transit companies. So, until the importers make contracts with transit companies in Ethiopia, cargos get stored in Djibouti. As a result, any Ethiopian importer used to pay on average 30 days storage cost in USD to the port of Djibouti. Hence, Alemayehu (2017, interview)<sup>95</sup> argues, Uni-modal system opens door for deterioration of quality of imported goods, waste of time, demurrage cost, and risk of theft among others at Djibouti port. Conversely, Mulugeta (2018, interview)<sup>96</sup> argues although it is expensive and slow at Djibouti, Uni-modal system is speedy in Ethiopia's territory due to direct dispatch of freight to importer's warehouses without being stored at hinterland dry ports.

Few years ago, Alemayehu (2017, interview)<sup>97</sup> notes, in agreement with Djibouti, Ethiopian Shipping and Logistics Service Enterprise (ESLSE) applied a Multi-modal transit system to

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<sup>93</sup> Alemayehu Wolde is a Directorate Director of Truck Transport Competencies Insurance in the Federal Transport Authority. The interview was held in Addis Ababa, on April 21, 2017.

<sup>94</sup> Siraje Abdela is a Director for Planning and Business Development Department in Ethiopian Shipping and Logistics Service Enterprise. The interview was held in Addis Ababa, on March 7, 2017.

<sup>95</sup> Alemayehu Wolde is a Directorate Director of Truck Transport Competencies Insurance in the Federal Transport Authority. The interview was held in Addis Ababa, on April 21, 2017.

<sup>96</sup> Mulugeta Halefom is a Marketing and Sales Head at Trans Transit Company. The interview was held in Addis Ababa, on March 05, 2018.

<sup>97</sup> Alemayehu Wolde is a Directorate Director of Truck Transport Competencies Insurance in the Federal Transport Authority. The interview was held in Addis Ababa, on April 21, 2017.

shorten long stay of cargo at Djibouti Port. Mulugeta (2018, interview)<sup>98</sup> depicts that Multi-modal transit system has come with a second port namely hinterland “dry port”. Unlike Uni-modal transit system, Multi-modal requires only one transitory and contract agreement between importer and exporter from initial point to destination. This means that as soon as the freight reached Port Djibouti, it would directly be transported to be stored at the dry ports in Ethiopia without any documentation process in Djibouti. After final customs process is completed in Ethiopia by the Ethiopian Customs and Revenue Authority, imported goods would be dispatched from the dray ports to destination. This means, Alemayehu (2017, interview)<sup>99</sup> argues contract with the importer starts at the port of loading and ends in the hinterland container terminal or dray ports. Accordingly, this modality enhances safety and has efficient transit time through reducing freight saturation and overhead costs for storage at Djibouti port. Particularly, multi-modal operation system under railway is greatly supporting close to 40 per cent of truck transit system of Ethiopia.

In line with this, UNDP Ethiopia (2017) reports that transport cost of multi-modal system is cheaper by nearly 20 per cent than that of Uni-modal transit system. Likewise, Mulugeta (2018, interview)<sup>100</sup> remarks that Multi-modal system ensures better shipping capability. Accordingly, Wogayehu (2017, interview)<sup>101</sup> notes that due to single transit operator plus reduced documentation process in Djibouti, multi-modal system has witnessed reduced transit cost and better import-export volume. Similarly, Mekonen (2017, interview)<sup>102</sup> notes that it was in agreement with Djibouti that Ethiopian has developed hinterland dry ports namely Mojo, Semera, Mekelle, Combolicha, and Dire Dawa. Ethiopia has also already undertaken studies to

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<sup>98</sup> Mulugeta Halefom is a Marketing and Sales Head at Trans Transit Company. The interview was held in Addis Ababa, on March 05, 2018.

<sup>99</sup> Alemayehu Wolde is a Directorate director of truck transport competencies insurance in the Federal Transport Authority. The interview was held in Addis Ababa, on April 21, 2017.

<sup>100</sup> Mulugeta Halefom is a Marketing and Sales Head at Trans Transit Company. The interview was held in Addis Ababa, on March 05, 2018.

<sup>101</sup> Wogayehu Adebu is a Custom Procedure Developer Team Coordinator in Ethiopian Revenue and Customs Authority. The interview was held in Addis Ababa, on August 16, 2017.

<sup>102</sup> Mekonen Abera is a Director General of Ethiopian Maritime Affairs Authority. The interview was held in Addis Ababa, on February 21, 2017.

establish dray ports at Bahirdar and at Woreta intended to facilitate transit to satisfy Ethiopia's increasing import- export demand. The dry ports are serving as storage, distribution centers, customs facilitation sites, and maintenance activities. These developments imply that the two parties have worked hand and glove to enhancing performance of the transit infrastructure connecting them.

Apart from that, according to UNDP Ethiopia (2017), direct delivery of freight from ship to rail is difficult to materialize. Hence, initiation of the concept of Intermodal Dray Port (IMDP) by Djibouti as a transit state is an advantage for Ethiopia. IMDP is a mix of two port facilities namely "Near-port Intermodal Yard", where loading and unloading of freight takes place, and "Near-port Dray Port", where the freight and containers are stored at a distance from the port until they are transported to Ethiopia. This is helpful considering the Doraleh port where rail entrance to the container terminal is impossible rather than locating the rail vehicles at likely nearest place to the port. By adding extra facilities to it, the IMDP system could also grow to be applicable to heavy truck cargo in the future making Ethiopia's global merchandize terminal. On top of this, as railway linkage assumes a long term convergence of interest between the parties; it might pave the way to make the IMDP Ethiopia's property in Djibouti. This implies that the jointly agreed Multi-modal transit system and initiatives of hinterland dray ports are supportive to landlocked Ethiopia.

#### **4.1.4.3. Economic Drawbacks of the Transit Infrastructure**

Ethiopia and Djibouti are enjoying good relation on port related logistical facilities as landlocked and transit states respectively. Given Ethiopia's growing volume of import-export demands and deep reliance on Djibouti, capability of port and maritime facilities, distance, geopolitical dynamics in the Horn region and Djibouti specific, huge port service charge, transit time and cost are imperative to be considered. Moreover, administrative problems of port and transit services, as well as, complex and sluggish customs practice are valuable impediments regarding Ethiopia's international trade along the Ethio-Djibouti corridor. Accordingly, the next section

has focused on maritime gateway insecurity implications of the Ethio-Djibouti transit infrastructure linkages for Ethiopia.

#### **4.1.4.3.1. Sea Grabbing and External Powers' Involvement in Djibouti**

Given Djibouti's geostrategic position, external actors are constantly competing for access to its ports and coastlines. In spite of Djibouti's consent, foreign powers' military presence and involvement on development of the ports would be challenging for Ethiopia. Geostrategic value made Djibouti central for 'security grab' to address piracy and terrorism. Particularly, the two strategic rivals US and China have become neighbours through their military bases in Djibouti. Camp Lemonier has been important military base in Djibouti to counter terrorism and piracy in the area with more than 4000 US troops (Glade, 2014). A few miles from that of US's, China has built military base resulting in tensions between the two countries. China has infringed its own principle of 'noninterference' into other countries' matters due to its economic booms. More than half of China's oil imports pass through Babel man deb Strait across Djibouti territory. Moreover, Djibouti has provided China with a 10-year land lease for various investments. Equally, US stated a 20-year renewal of the military base to pay 63 million USD plus one billion USD for investments per annum. Besides, there are military bases belonging to France, Japan, Germany, Italy, and British making revenue to Djibouti (Jacobs and Jane, 2017). This implies that the economic and political security driven competition among external powers might trigger Ethiopia's maritime gateway dilemma, Djibouti being its main sea outlet and transit corridor.

More importantly, China is paying an annual rent of 20 million USD to the military base in addition to financing in billions for infrastructures that include ports, airports, railways, and water pipeline that carry potable water from Ethiopia to Djibouti (*Ibid*, 2017). Gebru (2017, interview)<sup>103</sup> depicts, considering the incomes being generated from external powers, Djibouti would not be dependent on Ethiopia's maritime logistical services fees. Particularly, Dube (2016) remarks China's involvement in key area of national transport logistics such as naval, airport, highway, railway, and expansion of port infrastructures is considered as Djibouti's

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<sup>103</sup> Gebru Asrat is an Executive Member of the Ethiopian Federal Democratic Unity Forum (Medrek) and former member of TPLF and Head of the Tigray Regional State. The interview was held in Addis Ababa, on March 09, 2017.

vulnerability to foreign powers. In addition, Warsame (2017) notes China's State-owned Merchants Holding has signed agreement with Djibouti to run the 10 year project with the cost of USD 7 billion. Jacobs and Jane (2017) remark that sizable credit that equals 60 per cent of Djibouti's GDP is provided by China through Islamic Development Bank, Dubai Ports International, and Ethiopia have greatly financed ports of Djibouti (Glade, 2014). In the view of Jacobs and Jane (2017) this increases China's influence over the government of Djibouti. In other words, such a large credit is a mechanism of control over the infrastructure. These assertions imply that Djibouti is openly securing short-term benefit of its geostrategic position which attracted great powers.

In line with this, Dube (2016) points out that Djibouti's vulnerability would grow by the China's significantly swelling stake of port developments. In other words, at present, the heavy dependence of Djibouti on China might increase the formers' debt up to 80 per cent of its GDP as estimated by IMF in 2016. The heavy reliance on China's backed infrastructural projects could curb Djibouti into a condition of extreme dependence. The danger is when Djibouti failed to timely payback loans implying terrible consequence of reduced autonomy of Djibouti over the port and transit logistics triggering Ethiopia's maritime gateway dilemma.

#### **4.1.4.3.2. Huge Port Charge and Demurrage Costs**

According to Tilahun (2014), the immense transit expense for import-export trade along the Djibouti corridor is viewed as vital restraint to Ethiopia's economic development. Muluken (2018) depicts that Ethiopian importers and exporters used to complain on logistical charges of transiting freight to and from Ethiopia. For example, the textile and garment manufacturers and exporters are not more profitable due to high port handling charges by freight forwarders in Djibouti, which goes sometimes up to USD 300 per a container. Equally, Yakob (2017, interview)<sup>104</sup> argues that among the bottlenecks to Ethiopian economy include huge port tax, storage and demurrage costs paid back to Djibouti. For one reason, imported products that

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<sup>104</sup> Yakob Hailemariam is an Ethiopian scholar in international law (think-tank) and Consultant on Legal Affairs. He is also an author of a book titled, 'To Whom Does Assab Belong'. The interview was held in Addis Ababa, on July 07, 2017.

reached hinterland Ethiopia become very expensive to consumers. For another, Ethiopian exporters cannot stay competitive in business if the logistics cost keeps increasing.

In line with this, Mokenen (2017, interview)<sup>105</sup> points Djibouti can regularly increase the port service charge one way or another creating maritime gateway insecurity for Ethiopia. As per the agreement between the two countries, Djibouti is obliged to inform Ethiopia six months before it implements a new tariff implying that any increment on port service charge would have an adverse effect on Ethiopia's economy. If the port service charge in Djibouti increases, it will definitely increase costs of production for Ethiopian producers using the import goods or inputs. Likewise, increment on port service charge by Djibouti is a precarious condition for Ethiopia unless it is in line with adding value in quality of port services, hence, Ethiopia could benefit in return.<sup>106</sup> Accordingly, Tuemay (2017, interview)<sup>107</sup> maintains that the port charge and demurrages (storage, operation of loading/unloading) costs paid back to Djibouti makes Ethiopia feel economically insecure. Yet, Ethiopia still needs Djibouti more than Djibouti needs Ethiopia as port is necessary in whatever terms for landlocked Ethiopia. This suggests the issue of concern is how Ethiopia can achieve alternatives rather than entirely depend on Djibouti Port.

Accounting about 80 per cent of Djibouti's port traffic, Ethiopia pays more than \$ 700 million annual fees for port services to Djibouti (Healy, 2011), which is equivalent to \$ 1.9 million per day. Similarly, Emnet (2013) (citing the then Ethiopian State Minister of Finance and Economic Development and presently Ministry of Finance, Ahmed Shide) states, Ethiopia spends around two million USD per day to undertake import-export trade. Whereas, Yakob (2017, interview)<sup>108</sup> notes, the charge that Ethiopia pays for port use is estimated to be USD three million per day. Given the existing situation of Ethiopia's economy, this is beyond the ability of Ethiopia to bear.

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<sup>105</sup> Mekonen Abera is Director General of Ethiopian Maritime Affairs Authority. The interview was held in Addis Ababa, on February 21, 2017.

<sup>106</sup> Ibid

<sup>107</sup> Tuemay Aregawi is head of Transnational Organized Crime Pillar in the IGAD Security Sector Program (ISSP). The interview was held in Addis Ababa, on May 27, 2017.

<sup>108</sup> Yakob Hailemariam is an Ethiopian scholar in international law and Consultant on Legal Affairs. He is an author of a book titled, *To Whom Does Assab Belong? The Question of Ethiopian Access to the Sea*. Commercial Printing Press: Addis Ababa. The interview was held in Addis Ababa, on July 07, 2017.

Besides, Alene (2018, interview)<sup>109</sup> depicts that on average 600 trucks enter and exit Djibouti on daily bases. Djibouti collects extra cost that amounts more than 900 Birr from Ethiopia's import-export transit (200 for entrances and 700 for exits to and from Djibouti) fee per truck. In this regard, Adefris (2018, interview)<sup>110</sup> notes Djibouti is securing relatively greater economic advantage and it knows and believes Ethiopia largely dependent on its ports. This implies that hugeness of mainly port service fees has adverse effect on Ethiopia's economy making economic efficiency of the Djibouti ports for Ethiopia questionable flagging for alternatives.

On top of this, Muluken (2019) argues that although currently no ports in Djibouti raised fees, the world's largest container shipping company Maersk Line has decided to enforce additional unloading charge on imports at Djibouti ports since February 1, 2019. Ethiopia and Djibouti are opposing the company's decision as it adversely affects Djibouti's port activity and increases prices of goods imported to Ethiopia. Nevertheless, experts in the area pointed that this extra payment is because Maersk pay to Djibouti ports and the company has transferred the cost to clients in this case Ethiopia. This suggests that the dependence on Djibouti Port has been triggering huge expense to Ethiopia implying absence of alternate port that could ensure cost efficiency to Ethiopia.

#### **4.1.4.3.3. Inadequate Shipment Capability and Inept Management**

Warsame (2017) stating the World Bank Logistics Performance Index of 2014 points Port Djibouti ranked 154<sup>th</sup> out of 160 countries for competitiveness albeit good port in the region. World Bank stated that weak performance of Djibouti's logistics sector is due to coordination problems, limited planning competence of government officials, and restricted consultation between government bodies and private operators. Alemu (2017, interview)<sup>111</sup> remarks that operational capabilities and facilities of Djibouti Port require further improvements given

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<sup>109</sup> Alene Mehari is Deputy Director at Galafi check point Office, Ethiopian Revenue and Customs Authority. The interview was held in Galafi, on February 21, 2018.

<sup>110</sup> Adefris Dagne is an expert in Charge of Import Goods Customs Procedure Coordinator at Galafi Revenue and Customs office. The interview was held in Galafi, on February 24, 2018.

<sup>111</sup> Alemu Ambaye is a Deputy Chief Executive Officer of the Ethiopian Shipping and Logistic Service Enterprise in charge of the Shipping sector. The interview was held in Addis Ababa, on July 21, 2017.

Ethiopia's growing import-export needs. Even though Djibouti is expanding its ports, their capacity is still not adequate to serve bigger ships; hence Ethiopia's Ships used to wait for some weeks. Nowadays, ports have two important principles: facilitating fast transit and adding value to the services provided to port users (in this case Ethiopia). Ironically, Muluken (2018) depicts that Ethiopia has huge resources and market for optimum use of Djibouti ports. However, Djibouti's ports are not well prepared and utilized to take full advantage of it triggering illicit trade<sup>112</sup>. This suggests that Ports of Djibouti are lacking the required capacity to satisfy rising Ethiopia's import-export demands.

In line with this, Siraje (2017, interview)<sup>113</sup> argues that the growing Ethiopia's economy requires a more efficient and effective port services. Djibouti's effort to further modernize port services as per Ethiopia's demand is minimal. Particularly, the old port had same facility for the past 15 years in spite of mounting import-export freight from time to time. This has been affecting Ethiopia's international trade making the vessels to stay 15 to 30 days at the port. Moreover, Alemayehu (2017, interview)<sup>114</sup> points that most of the machines sometimes stop operation after working for some hours leading to delay of the overall transit service. Likewise, though relatively better as compared to other ports in the Horn of Africa, depth limitation of Djibouti port is a big constraint for Ethiopia. Had it harbored bigger ship, the unit cost that Ethiopia pays for transportation would have been cheaper. In this regard, there is incompatibility between the Ethiopian import-export demands and dispatching and delivering capacity of Port Djibouti. In addition, UNDP Ethiopia (2017) remarks ineffective loading and bagging services have created congestions at the port causing demurrage costs to Ethiopia. So, Alene (2018, interview)<sup>115</sup> points that capacity of Djibouti ports could be bottleneck bearing in mind Ethiopia's growing import-

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<sup>112</sup> See Muluken (2018) who remarks this has resulted in an informal trade of products through Somaliland and Puntland, adversely affecting Ethiopia's trade revenue.

<sup>113</sup> Siraje Abdela is a Director for Planning and Business Development Department in Ethiopian Shipping and Logistics Service Enterprise. The interview was held in Addis Ababa, on March 7, 2017.

<sup>114</sup> Alemayehu Wolde is a Directorate director of truck transport competencies insurance in the Federal Transport Authority. The interview was held in Addis Ababa, on April 21, 2017.

<sup>115</sup> Alene Mehari is a Deputy Director at Galafi, Ethiopian Revenue and Customs Authority. The interview was held in Galafi, on February 21, 2018.

export needs. This means that the mismatch is suggesting the need for an alternative transit infrastructure linkage for Ethiopia.

Furthermore, from the perspective of hosting of a lot of foreign military bases, Nejat (2017, interview)<sup>116</sup> points Djibouti plays a lot of roles to counter security threats like international terrorism and piracy in the area. Whereas considering Ethiopia-Djibouti border, it is common to see movement of diverse groups from different areas like local and regional insurgent groups, migrants, cross-border criminals. So, the bilateral cooperation between Ethiopia and Djibouti should also consider mechanism to counter such security threats. Because, if there are terrorists operating on the border areas, it will affect any infrastructural development or freights transit into and out of Ethiopia. In this regard, Tesfaye (2018, interview)<sup>117</sup> points there are slight security problems as regards to cargo and fuel tanker carrying trucks due to Afar and Issa clashes in the Ethiopia's territory. Unless Ethiopia strengthens safety and security works, the Ethio-Djibouti electric railroad will not be exceptional.

As regards to limitations of transport infrastructure, Alemayehu (2017, interview)<sup>118</sup> points that information infrastructure, which is very important for exchanging essential data input for management of the road corridor is missing. For example, Ethiopian trucks lack a device known as 'cargo trucking GPS' that can verify location to cross-check whether the trucks are on the route line or not. Likewise, Ethiopian trucks waste more than a week for loading import goods due to shortage of containers and lack of enough storerooms in Djibouti fitting with the volume of cargo flows from and to Ethiopia. This results in underutilization of Ethiopia's truck as they are serving as a store. This shows that although Djibouti has relative advantage as compared to alternative ports in the region, there is efficiency problem to satisfy the growing Ethiopia's import-export volume and demands.

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<sup>116</sup> Nejat Abdurahman is as IGAD Security Sector Program (ISSP) expert on Counter Terrorism Capacity Building. The interview was held in Addis Ababa, on May 27, 2017.

<sup>117</sup> Tesfaye Challa is a Private truck Driver along the Ethio-Djibouti road corridor. The interview was held in Galafi, on March 07, 2018.

<sup>118</sup> Alemayehu Wolde is a Directorate director of truck transport competencies insurance in the Federal Transport Authority. The interview was held in Addis Ababa, on April 21, 2017.

Furthermore, Alene (2018, interview)<sup>119</sup> notes, despite serving large number of vehicles on daily bases, the road along the corridor has not the required standard to serve Ethiopia's international trade. Especially, the road from the Port Djibouti to Galafi (Ethiopia's border check point) is severely damaged. As Adefris (2018, interview)<sup>120</sup> points, the road along Ethiopia's territory is quit better as compared to that of Djibouti's. As the Oxford Business Group (2018) reports, although it is being worked to partly shift the traffic from road to railway line, the poor road quality has caused transit congestion to the disadvantage of Ethiopia. Accordingly, Alene (2018, interview)<sup>121</sup> points out that bad condition of the road has increased transport time and cost to Ethiopia. Although the usual transit time from Djibouti to Addis Ababa is one and half days, now it takes three to four days as the road is damaged. Yet, Djibouti expects Ethiopia should mend the road arguing the damage to the road is caused mainly by Ethiopia's intense heavy truck conveys. Gedefaw (2017, interview)<sup>122</sup> points that the Ethiopian Road Authority (ERA) has established road asset department in charge of evaluating, assessing, and reviewing road conditions so as to take corrective measures; hence road condition in Ethiopia's part is good. Nonetheless, Djibouti has not been in a position to manage and evaluate the road condition even in partnership with ERA. This assertion again implies Djibouti's weak commitment to maintain the road standard in its territory.

Accordingly, Birhanu (2018) notes that transit operators requested the Ethiopian Ministry of Transport to make tariff regulation mentioning that they are having a difficult time because of bad condition of the road linking Ethiopia to Djibouti. Transporting cost of merchandises from and into Ethiopia has become difficult to bear. The road is causing frequent vehicles breakdown, huge fuel consumption, and damage of spare parts resulting in mounting cost of transportation. In spite of the growing import-export need of Ethiopia, Djibouti has not given attention to the

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<sup>119</sup> Alene Mehari is a Deputy Director at Galafi, Ethiopian Revenue and Customs Authority. The interview was held in Galafi, on February 21, 2018.

<sup>120</sup> Adefris Dagne is an expert in charge of import goods customs procedure Coordinator at Galafi Revenue and Customs office. The interview was held in Galafi on February 24, 2018.

<sup>121</sup> Alene Mehari is a Deputy Director at Galafi, Ethiopian Revenue and Customs Authority. The interview was held in Galafi, on February 21, 2018.

<sup>122</sup> Gedefaw Asmamaw, Eastern Region Contract Management Directorate Director, Ethiopian Road Authority. The interview was held in Addis Ababa, on March 21, 2017.

road corridor which is not really fair. In the view of Alene (2017, interview)<sup>123</sup>, Djibouti perhaps does not recognize shared benefit of the transit infrastructure. More importantly, although expected to bridge limitations of the road infrastructure along the corridor, the new electrified railway has also witnessed problem more recently. As Borkena Ethiopian News (2019) citing Ethiopian News Agency depicts, freight train was disrupted in Eastern Showa zone reportedly due to heavy rain, ‘which buried the tracks with soil’. The incidence has resulted in complete damage of three out of the seventeen cars of the train. This suggests that the technical aspect of the railroad is questionable causing great concern to Ethiopia given absence of well qualified local railroad engineer in the country.

Administrative wise, Yakob (2017, interview)<sup>124</sup> maintains people are complaining that Djibouti is facing difficulty to manage Ethiopia’s import-export transit. Ethiopian traders are telling that they are having difficult time in Djibouti being discriminated against, intimidated, attacked, and insulted. Alemu (2017)<sup>125</sup> notes that although may not be target of the government, some authorities and individuals in Djibouti who need short term benefit probably from lack of strategic thinking. It has come to be normal to observe some individuals try to delay shipments of import and export freights to harvest short term revenue. The challenge is some authorities do not understand modern port strategies that can be seen as rent seeking. For example, Tesfaye (2018, interview)<sup>126</sup> says, some officials have influence on the day to day activities of Ethiopia’s traders and truck drivers. Moreover, the Crain machine operators are so corrupt in deliberately slowing freight forwarding in need of extra financial bribe. On top of this, Drivers are usually arbitrarily arrested by police for trivial and tolerable mistakes. For instance, the officers frequently tear “yellow card” (a permit without which trucks cannot cross border and move in

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<sup>123</sup> Alene Mehari is a Deputy Director at Galafi, Ethiopian Revenue and Customs Authority. The interview was held in Galafi, on February 21, 2018.

<sup>124</sup> Yakob Hailemariam is an Ethiopian scholar in international law (think tank) and Consultant on Legal Affairs. He is an author of a book titled, ‘To Whom Does Assab Belong’. The interview was held in Addis Ababa, on July 07, 2017.

<sup>125</sup> Alemu Ambaye is a Deputy Chief Executive Officer of the Ethiopian Shipping and Logistic Service Enterprise in charge of the Shipping sector. The interview was held in Addis Ababa, on July 21, 2017.

<sup>126</sup> Tesfaye Challa is a Private truck Driver along the Ethio-Djibouti road corridor. The interview was held in Galafi, on March 07, 2018.

Djibouti) for minor faults. They are not interested to listen to grievances of the drivers. Djibouti's regulatory and monitoring role to deal with these problems is negligible. This suggests that the problem may not emanate from Djibouti's policy perspective; rather it seems ramification of implementation and follow-up gaps.

From Ethiopia's side, Muluken (2018) remarks that the main problem of freight shipping is weak competitiveness of Ethiopia's import-export shipping and freight forwarding sector. The state-owned Ethiopian Shipping and Logistics Service Enterprise (ESLSE) is the only maritime freight transport service provider in the country. For one reason, it monopolizes both container handling and shipping under Multimodal operations without local and outdoor competition. There is no legal ground that limits maritime transport logistics service to ESLSE. The Ethiopia's policy to provide multimodal operation in partnership with the private sector so as to enhance efficiency of the sector is not yet functional. Consequently, increased transit cost was vital problems met on freight forwarding services provided by ESLSE. Yet, Yonas (2018) quoting Roba Megersa, CEO of ESLSE argues, recently Ethiopia has decided to allow local and foreign private companies bearing in mind would benefit the country. In addition, UNDP Ethiopia (2017) reports Ethiopia's truck fleet is old, inadequate, slow (2.5 trips per month), and expensive to operate leading to rise of truck transport cost. Likewise, Muluken (2018) notes the difference in working days between the two countries has adverse effect for Ethiopia. While Ethiopian importers and exporters need to be served seven days a week, Djibouti works four days a week.

#### **4.1.4.3.4. Distance to Different Parts of Ethiopia**

Assessing cost efficiency of regional ports to Addis Ababa and the regional economic centers of Ethiopia, Love (2009: 15) argues that it is imperative to look for an alternative port economically helpful, particularly, considering distance as it can be understood from the table hereunder:-

**Table 1: Distances between ports and major cities (road km, unless otherwise stated)**

| Countries                      | Alternative Ports | Ethiopia          |           |                       |         |
|--------------------------------|-------------------|-------------------|-----------|-----------------------|---------|
|                                |                   | Addis Ababa       | Dire Dawa | Gonder                | Mekelle |
| Djibouti Port                  | Port Djibouti     | 910<br>782 rail   | 303 rail  |                       | 940     |
| Eritrea                        | Port Massawa      | 1,163 via Mekelle |           | 346                   | 391     |
|                                | Port Assab        | 882               | 937       | 1,521 via Addis Ababa | 899     |
| Kenya                          | Mombasa Port      | 2,077 via Moyale  |           |                       |         |
| Somalia                        | Port of Bossaso   | 2,231 via Garoowe |           |                       |         |
|                                | Mogadishu Port    | 1,507             |           |                       |         |
|                                | Merca Port        | 1,567             |           |                       |         |
|                                | Kismayo Port      | 1,979             |           |                       |         |
| Somaliland<br>(De facto state) | Berbera Port      | 964 via Dire Dawa | 483       |                       |         |
| Sudan                          | Port Sudan        | 1,881 via Metema  | 2,404     |                       | 1,788   |

Source: Love, Roy (2009:15)

As the above table illustrates, considering proximity to the main economic and political center of Ethiopia, i.e, Addis Ababa, where predominant cargo freight are dispatched, Assab (882 km), Port Djibouti (910 km) and Berbera Port (964 km) stood from first to third. In connection to entire parts of Ethiopia, while the Eritrean Port of Massawa is close to the Northern cities of Mekelle and Gondar, Berbera Port is close to Dire Dawa, while Port Sudan is quite far away from Addis Ababa, Mekelle, and Dire Dawa. Likewise, Mombasa and Ports of Somalia are remote from Addis Ababa.

Equally, Tafese (2017, interview)<sup>127</sup> notes that in terms of distance and accessibility Djibouti is closer to central highland parts of Ethiopia mainly Addis Ababa. Alemayehu (2017, interview)<sup>128</sup> points out that Ethiopia's advantage by using the Port of Djibouti is its closeness to Addis Ababa and Adama, where much of the cargo freights are dispatched. Equally, Mokenen (2017, interview)<sup>129</sup> remarks that it has to be remarked that Djibouti has become a cargo hub; hence railway link to local economic centers and distribution sites like Mojo and other warehouses is important to Ethiopia.

Nevertheless, Mokenen (2017, interview)<sup>130</sup> argues that distance from Djibouti to Ethiopia's regional economic centers has really a negative impact as inland transport cost is very high. In terms of transit logistics, the major parameters are time and cost. In this regard, Ethiopia has relative disadvantage as Djibouti is not equally close to all parts of Ethiopia. For example, Tafese (2017)<sup>131</sup> depicts, Port Sudan and the Eritrean port of Massawa is close and accessible to the Northern part of Ethiopia. Berbera of Somaliland and Kenya's Mombasa ports are more accessible to the Southern and South Eastern parts of Ethiopia. In this regard, dependence on Djibouti Port alone is very much unhelpful due to resultant huge cost, congestion, and delays. This implies that although Djibouti Ports are close to the economic and political center Addis Ababa, distance from Djibouti to different parts of Ethiopia necessitates extra transit infrastructure linkage and alternative port based on proximity to the respective regional economic centers of Ethiopia.

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<sup>127</sup> Tafese Olika is an assistance Professor on Political Science and International Relations at Addis Ababa University. The interview was held in Addis Ababa, on July 1, 2017.

<sup>128</sup> Alemayehu Wolde is a Directorate director of truck transport competencies insurance in the Federal Transport Authority. The interview was held in Addis Ababa, on April 21, 2017.

<sup>129</sup> Mekonen Abera is a Director General of Ethiopian Maritime Affairs Authority. The interview was held in Addis Ababa, on February 21, 2017.

<sup>130</sup> Ibid

<sup>131</sup> Tafese Olika is an assistance Professor on Political Science and International Relations at Addis Ababa University. The interview was held in Addis Ababa, on July 1, 2017.

Alemayehu (2017, interview)<sup>132</sup> stating assessment of Ethiopian Maritime Affairs Authority (EMAA) regarding economic efficiency of alternative ports in the region, says that Ethiopia has imported one ship in 2016 and two ships in 2017 fertilizer through the Port Sudan. It has been proved that Port Sudan has witnessed reduced transport cost to Western and Northern parts of Ethiopia. Despite it is far away from Addis Ababa, Port Sudan is modern with good facility and wider and deeper birth. Port of Barbara was proved to have shallow birth, hence, cannot serve up to 50,000 tone loaded ships. Accordingly, Belete (2017, interview)<sup>133</sup> depicts that although Djibouti has improved its ports, dependability of the ports to Ethiopia remains to be seen in the future. So, Mokenen (2017, interview)<sup>134</sup> maintains, although it is costly, integrating the electrified Ethio-Djibouti railway with the Ethiopia's inland transport infrastructure is vital to remedy the adverse effect of distance. These assertions suggest that Ethiopia should pursue with the effort to connect local economic centers with the Ethio-Djibouti railway and secure alternative ports of coastal countries of the Horn.

#### **4.1.4.3.5. Complex Customs Procedures**

According to Muluken (2018), in terms of customs activity, import-export efficiency of the trade logistics along Ethio-Djibouti corridor can be attributed to the two countries. For Tsegaye and Endris (2011), modernized and simplified customs administration is helpful to importers, exporters, and the entire national economy. Undertaking of Ethiopia's import-export freight is being seriously impeded by complex customs procedures, documentary requirements, inspections, and security issues. Likewise, Oxford Business Group (2018) remarks Ethiopia's customs service is weak in terms of efficiency and integration with its Djibouti counterpart. In

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<sup>132</sup> Alemayehu Wolde is a Directorate director of truck transport competencies insurance in the Federal Transport Authority. The interview was held in Addis Ababa, on April 21, 2017.

<sup>133</sup> Belete Belachew is senior researcher at Center for Dialogue, Research and Cooperation (CDRC) and author of "Djibouti: A Measure of Ethiopia's Dependence". The interview was held in Addis Ababa, on June 23, 2017.

<sup>134</sup> Mekonen Abera is a Director General of Ethiopian Maritime Affairs Authority. The interview was held in Addis Ababa, on February 21, 2017.

line with this, Elese (2017, interview)<sup>135</sup> remarks that customs practice in both Ethiopia and Djibouti is sluggish. The Ethiopian Revenue and Customs Authority (ERCA) gives transit permit of import items and Djibouti's customs officers check for validity, print transit declarations to the items, and send it to inland check point offices at Galafi. After checking the relevant documents, Galafi check point station passes it to Milie and Awash check point site. Finally, the ERCA offices prepare compiled reports manually as servers in Djibouti and Ethiopia are not integrated. This shows that the long process of customs practice is resulting in congestions and delay of Ethiopia's import-export trade.

Accordingly, Meaza (2018, interview)<sup>136</sup> notes, the major bottleneck to Ethiopia's multi-modal shipment is the complex customs clearance and delivery process inside Ethiopia, which takes 10 to 13 days. Likewise, Djibouti's customs and revenue facilitation practice is also slow for there is waste of time for customs process. In other words, transit through Uni-modal system is costly and very slower due to slower customs facilitation in Djibouti, whereas it is faster to dispatch freight once it crosses Djibouti border to its destination in Ethiopia. This suggests that the bottleneck to Ethiopia's international trade due to transit inefficiency is ascribed to the two countries.

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<sup>135</sup> Elias Kiflemariam is Customs Procedure expert under the Electronic Customs Management System (WF-ECMS) Project. The interview was held in Addis Ababa, on December 29, 2017.

<sup>136</sup> Meaza Bruck is Head of Marketing Department at Pacific Global Transit Company. The interview was held in Addis Ababa, on March 03, 2018.

**Figure 5:- Traffic Congestions at ERCA Entry Gate (Galafi check point)**



Source: - A picture taken by the researcher

In line with this, Meaza (2017, interview)<sup>137</sup> points out that even the railway will not make a big difference to the customs operation problems. Because, the major problem for the Ethiopia's transit logistics is the complex customs process both in Djibouti and Ethiopia. For instance, it takes up to 13 days to finalize customs clearance and make delivery using Uni-modal shipment through Djibouti, out of which only three days are for transportation. As there is no pre-clearance process in Ethiopia, importers are obliged to finalize required shipping document only after they secure the original documents from their suppliers when the vessel already arrived at Djibouti. Equally, Alene (2018, interview)<sup>138</sup> argues, in a multi-modal system, transit permit for imports is handled at Galafi border check point based on pass permit paper sent from Djibouti revenue and customs office. After checking and registering, Galafi check point office prepares a release paper based on registration number of imported goods to destine into Ethiopia. After being checked,

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<sup>137</sup> Ibid

<sup>138</sup> Alene Mehari is a Deputy Director of the Ethiopian Revenue and Customs Affairs at Galafi Branch. The interview was held at Galafi, on February 21, 2018.

importers pay tax and custom to hand over their imported stuffs. Tesfaye (2018, interview)<sup>139</sup> reports that it is normal to see long line of trucks at all check point stations and dry ports in Ethiopia to undertake customs practices. As a result, Mulugeta (2018, interview)<sup>140</sup> notes, transiting and dispatching of freight through Multi-modal approach is slower than Uni-modal system due to delays at dry ports waiting for customs process in Ethiopia. In summary, the Ethio-Djibouti transit infrastructure linkage has maritime access security, as well as, insecurity implications from Ethiopia's perspective. The next chapter will examine multi-sectorial implications of the Ethio-Djibouti infrastructure linkages in terms of prospects and challenges.

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<sup>139</sup> Tesfaye Challa is a Private truck Driver along the Ethio-Djibouti road corridor. The interview was held at Galafi on March 07, 2018.

<sup>140</sup> Mulugeta Halefom is a Marketing and Sales Head at Trans Transit Company. The interview was held in Addis Ababa on March 05, 2018.

## **Chapter Five: Multi-Sectorial Security Implications of the Ethio-Djibouti Infrastructural Linkages: Prospects and Challenges**

UNDP Ethiopia (2017) points out that Ethiopia has realized that cross-border infrastructure linkage with coastal Horn countries is instrumental to attain intended national economic development endeavors. Empirical data illustrates that Ethio-Djibouti infrastructure linkages have multi-sectorial security implications that can be analyzed in terms of economic, political, military, socio-cultural dimensional prospects and challenges. The Ethio-Djibouti infrastructure connectivity has been examined through the lens of realist inter-governmentalism, which is state centric perspective to review relative merit and demerit based on multi-sectorial approach to regional security analysis (see Chapter Two). To this effect, this chapter has examined multi-sectorial security implications of Ethio-Djibouti infrastructure linkages from Ethiopia's perspective.

### **5.1. Prospects**

#### **5.1.1. Economic Inter-dependability**

According to Alemu (2017, interview)<sup>141</sup>, the key factor for the Ethio-Djibouti multifaceted infrastructure linkage is Ethiopia's dependence on Djibouti ports. The fact that Ethiopia is landlocked has raised demand for enhanced seaport and transit infrastructure linkages between the two countries. In the view of Tadele (2017, interview)<sup>142</sup>, among the reasons for Ethiopia's preferring Djibouti include its geostrategic significance and proximity to the economic and political center Addis Ababa. More importantly, Lilley (2018) remarks that Djibouti is geographically located connecting the Red Sea and the Gulf of Aden, which is a pass point of

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<sup>141</sup> Alemu Ambaye is a Deputy Chief Executive Officer of the Ethiopian Shipping and Logistic Service Enterprise in charge of the Shipping sector. The interview was held in Addis Ababa, on July 21, 2017.

<sup>142</sup> Tadele Degefa is a Manger in Rail Network, Quality, Safety, Security, and Environment management Section in the Ethiopian Railway Corporation. The interview was held in Addis Ababa, on September 07, 2017.

great size of global trade and energy supply. Accordingly, Siraje (2017, interview)<sup>143</sup> depicts that Djibouti has relative advantage on port service to Ethiopia as a result of its natural location along the main world trade route. Likewise, Tsadkan (2017, interview)<sup>144</sup> notes that considering geostrategic value, Ethiopia cannot afford to stay away from Djibouti. Alemu (2017, interview)<sup>145</sup> recapitulates the factors that made the Port of Djibouti relatively beneficial for Ethiopia as follows:-

- It is already connected through road and modern electrified railway infrastructure as an exceptional advantage;
- Djibouti's natural location at the cross road and junction of the Red Sea and the Gulf of Aden in terms of the sea trade line, it is the only port that can easily connect Ethiopia with North American, European, Asian, and South African trade;
- Djibouti can be also even one of the landmarks in the global trade and a hub in terms of shipping for Africa, if Djibouti utilized its resource to the fullest capacity;
- Finally, due to the presence of military bases of the big powers, Ethiopian ships and ship transit operations are somehow secured.

Similarly, Warsame (2017) (quoting World Trade Organization's 2014 report) explains that nearly 94 per cent of the country's GDP is trade in goods and services in which greater part is attributed to Ethiopia's import-export trade. Redae (2017, interview)<sup>146</sup> remarks that the Ethiopia-Djibouti relation is a kind of symbiotic in relative terms. Djibouti is obtaining revenue from renting ports and Ethiopia is paying rent for the port services. The two countries are boosting

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<sup>143</sup> Siraje Abdela is a Director for Planning and Business Development Department in Ethiopian Shipping and Logistics Service Enterprise. The interview was held in Addis Ababa, on March 7, 2017.

<sup>144</sup> Tsadkan Gebretinsae has been a Minister of National Defense and member of EPRDF's chief executive committee from 1991 to 2001, and currently works in a private organization. The interview was held in Addis Ababa, on December 12, 2017.

<sup>145</sup> Alemu Ambaye is a Deputy Chief Executive Officer of the Ethiopian Shipping and Logistic Service Enterprise in charge of the Shipping sector. The interview was held in Addis Ababa, on July 21, 2017.

<sup>146</sup> Redae Halefom was Head at EPRDF's Head Quarter Office at the time of interview. The interview was held in Addis Ababa, on March 07, 2017.

relations to maximize own interest on the framework of shared benefit. In this regard, Demissie (2017, interview)<sup>147</sup> points it seems the ports have twin advantage for the two countries. So far, Ethiopia has controlling position on Djibouti Ports albeit it would not necessarily depend on it in the future. It is known that Ethiopia is working to diversify sea outlet through such as Berbera Port of Somaliland, Mombasa and Lamu port of Kenya, Port Sudan, and Eritrean ports of Assab and Massawa although too late and not yet materialized. This shows that the two countries are one way or another securing relative economic advantage as landlocked and transit states.

Nevertheless, Alwan (2017, interview)<sup>148</sup> depicts that relatively better maritime logistics and the electrified railway enabled Djibouti ports to have an upper hand over regional ports. Mahmood and Meressa (2018) depict that the huge joint investment on the new railway increased import-export trade along the corridor forcing Ethiopia to stick on Djibouti as its main seaport. Apart from this, Redae and Yeshiwas (2017, interview)<sup>149</sup> point out that Ethiopia's power and water supply to Djibouti helped hand to boost economic dependability between the two countries. Equally, Lille (2018) portrays permissive condition for investment has made Djibouti more attractive to Ethiopia as compared to other coastal states in the Horn of Africa. Consequently, Styan (2019) points out that Ethiopia's port diversification move has no intention to entirely drop using Djibouti ports.

In line with this, Ahmed (2017, interview)<sup>150</sup> tracing government position argues that Djibouti remains Ethiopia's main maritime gateway for two reasons: (a) Ethiopia has invested the biggest amount of national wealth (five billion USD) on the Ethio-Djibouti standard gauge railway

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<sup>147</sup> Demissie Fantaye is a research advisor at Life and Peace Institute and Chief Editor of the Horn of Africa Bulletin. The interview was held in Addis Ababa, on July 12, 2017.

<sup>148</sup> Daoud Dbubeker Alwan is an expert in charge of Maritime Security in the IGAD Security Sector Program (ISSP). The interview was held in Addis Ababa, on May 21, 2017.

<sup>149</sup> Redae Halefom was Head at the EPRDF's Head Quarter Office at the time of interview. The interview was held in Addis Ababa, on March 07, 2017, and Yeshiwas Asefa was Chairman of the Blue Part, which is recently merged with other political parties to form EZEMA (Ethiopia Citizens for Social Justice (ECSJ)). The interview was held in Addis Ababa, on March 19, 2017.

<sup>150</sup> Ahmed Shedi was a Ministry of Transport during interview time and now Ministry of Finance and Development of FDRE. The interview was held in Addis Ababa, on January 1, 2018.

corridor and additional one billion dollars on road; and (b) the two countries have good links in terms of history and culture. Security threats can be anticipated any time as Ethiopia is mindful of that, but due to the deepening economic bond, Djibouti would not create as such risky political environment against Ethiopia. Ethiopia's policy of having additional maritime gateway in the region is without avoiding Djibouti. Because, other regional ports have limited facilities, need restoration of trust, and demand huge investment by Ethiopia, which could take decades. This implies somehow economic dependability that emanated from improved port logistics and huge joint investment on transit infrastructure.

In addition, Mokenen (2017, interview)<sup>151</sup> remarks that shipping agents, freight forwarders, trucking companies and business people in both countries are benefiting from the port and cargo transit services. Djibouti nationals are involved in logistic services like warehouse, tracking companies, shipping agency, and transit forwarding benefiting from the maritime business opportunity created by the cargo transit services to Ethiopia. Subsequently, Tuemay (2017, interview)<sup>152</sup> points that perception of Djibouti's informed public officials and experts towards Ethiopia is becoming better and better currently. This suggests that Djibouti is realizing the advantages of the infrastructure linkages albeit being jealousy of Ethiopia's move to use alternative ports of costal countries in the Horn of Africa.

Furthermore, Wogyayehu (2017, interview)<sup>153</sup> points out that Ethiopia and Djibouti have signed an agreement recently to simplify freight transit services. The two countries agreed to change check point of freight transits through rail vehicles from 'two stop border' to 'one stop border'. This means custom experts of the two countries would simultaneously check cargos at the border check point i.e. Dewalle. This saves time, improves traffic and volume of cargo, as well as, reduces demurrage costs. Similarly, Alemu (2005) notes that Djibouti hosts several Ethiopia's

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<sup>151</sup> Mekonen Abera is a Director General of Ethiopian Maritime Affairs Authority. The interview was held in Addis Ababa, on February 21, 2017.

<sup>152</sup> Tuemay Aregawi is a head of Transnational Organized Crime Pillar in the IGAD Security Sector Program. The interview was held in Addis Ababa, on May 27, 2017.

<sup>153</sup> Wogyayehu Adebu is a Custom Procedure Developer Team Coordinator in the Ethiopian Revenue and Customs Authority. The interview was held in Addis Ababa, on August 16, 2017.

business related organizations like customs office, banks, insurance, truck garages, community centers, and hotels to serve the transit service. In line with this, Warsame (2017) remarks that Djibouti's port expansion includes 'Free Trade Zone' ascribed to trade facilities that can improve storage, warehouse capacity, and speed of multi-modal logistics operation, which is an advantage for Ethiopia. Accordingly, New Africa (2012) states that companies of Ethiopian origin are able to operate, conduct business close to the port, and are being provided with different services within the Free Trade Zone.

In line with this, Alemu (2017, interview)<sup>154</sup> remarks freight forwarding and transport services are jointly performed by companies of the two countries showing shared economic benefit of the trade logistics. Besides, Commercial Bank of Ethiopia (CBE) is operating in Djibouti to control Ethiopia's maritime logistics business. On top of this, the size of Ethiopian business community in Djibouti is increasing showing a good business prospect between the two countries (Muluken, 2017). Although shortage foreign currency and fluctuating rate in Ethiopia are causing difficulty to transaction in market places, Djibouti is permitting Ethiopian drivers to carry up to 4000 Birr to use it in Djibouti. As it is difficult to provide hard currency for plentiful Ethiopia's truck drivers and transit agent workers, this is great advantage for Ethiopia (Elease, 2017, interview).<sup>155</sup> This implies that the two countries are benefiting from the bilateral trade logistic linkage induced maritime businesses.

### **5.1.2. Politico-Military, Social and Cultural Security Implications**

According to Mekurea (2017, interview)<sup>156</sup>, one important contribution of the infrastructure linkage between Ethiopia and Djibouti is ensuring peaceful coexistence between the respective

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<sup>154</sup> Alemu Ambaye is a Deputy Chief Executive Officer of the Ethiopian Shipping and Logistic Service Enterprise in charge of the Shipping sector. The interview was held in Addis Ababa, on July 21, 2017.

<sup>155</sup> Elias Kiflemariam is Customs Procedure expert under the Electronic Customs Management System (WF-ECMS) Project. The interview was held in Addis Ababa, on December 29, 2017.

<sup>156</sup> Mekurea Lema is a Director for Strategy and Planning in the Ethiopian Electric Power (EEP). The interview was held in Addis Ababa, on March 21, 2017.

border communities. Abdurahman (2017, interview)<sup>157</sup> notes that the infrastructure tie has made life easier for the Afar and Issa Somali communities' of the two countries leading to peaceful coexistence. For one reason, the people along the Ethio-Djibouti border are aware enough to keep safety of the power transmission line as it is their life. The people of Djibouti at the border towns would have peaceful relation with the neighbor Ethiopian community to sustain the electric power supply from Ethiopia. Likewise, Redae (2017, interview) notes, if Djibouti continues to depend on Ethiopia's water provision, the Djiboutian nationals will not perceive Ethiopia negatively. Djibouti at least may not impede Ethiopia's development efforts for not antagonizing its own interest. In other words, Abebe Teklehimanot (2017, interview)<sup>158</sup> points the joint infrastructure link creates a system that makes the two people feel equal pain, if any problem or harm against the railway, energy and water pipeline happens. This implies that the infrastructural connectivity fortifies relationship between the respective communities and the two countries as well.

Similarly, Tuemay (2017, interview)<sup>159</sup> points out that terrorism and transnational crime perpetrators exploit border areas for being mostly peripheries, overlooked, undeveloped, and dwelled by people who have a lot of grievances. In this regard, the Ethio-Djibouti cross-border infrastructural facilities could get ride safe haven for terrorists and criminals. While intense traffic along the corridor may create high vulnerability for crimes such as supporting terrorists, money launders, and human and drug trafficking, the two countries could build sophisticated system of security mechanism to mitigate security threats along border areas without affecting efficiency of the transit infrastructures.

Considering military security, Ahmed (2018, interview)<sup>160</sup> explains that mobilizing and equipping Ethiopia's military segment needs transit infrastructure connectivity. Ethiopia's current military capability is the function of investment on cross-border infrastructure. In this

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<sup>157</sup> Khalid Abdurahman is an Expert in charge of Security Institution Capacity Building Program in the IGAD Security Sector Program (ISSP). The interview was held in Addis Ababa, on May 16, 2017.

<sup>158</sup> Abebe Teklehimanot is previous commander of the Ethiopian air force and was a lecturer and director at Federal Studies department of AAU. The interview was held in Addis Ababa, on December 07, 2017.

<sup>159</sup> Tuemay Aregawi is a head of Transnational Organized Crime Pillar in the IGAD Security Sector Program (ISSP). The interview was held in Addis Ababa, on May 27, 2017.

<sup>160</sup> Ahmed Shedi is a Federal Democratic Republic of Ethiopia Minister of Transport. The interview was held in Addis Ababa, on January 1, 2018.

regard, Ethio-Djibouti infrastructure linkage has a lot of military and political stability dividend. In line with this, Yakob (2017, interview)<sup>161</sup> depicts Ethiopia's access to import weapons to stop any aggression has been mainly through Port of Djibouti. For example, had Djibouti not allowed Ethiopia to import weapon during the 1998-2000 Ethio-Eritrea war, Ethiopia would have been in trouble. On the other hand, Demissie (2017, interview)<sup>162</sup> claims, assuming Ethiopia is fighting a war with Somalia, it would be very easy for the later to close up the Djibouti port and attack the Ethio-Djibouti railway line. So, Djibouti is not only an asset and useful but also liability for Ethiopia's military hard security needs showing military insecurity of either of the two countries would have spillover effect of the other, requiring serious care through joint security activities.

As regards to political, social and cultural aspects, Ahmed (2017, interview)<sup>163</sup> remarks connection between Ethiopia and Djibouti is not a relationship of choice but a relationship of destiny. Geography, history, and culture have made Ethiopia and Djibouti diplomatically close. In line with this, Ghelawdewos (2014) depicts that the ancestral origins of both the Afar and Issa ethnic groups that make up Djibouti is in Ethiopia. There is a claim that Afar's 'Awsa' and Issa's 'Ugaze' families are born in Ethiopia. The anticipated political cohesion between Ethiopia and Djibouti would be all about reaffirmation of the close genetic tie of the two peoples. Given this background, Alene (2017, interview)<sup>164</sup> argues that large numbers of Djibouti nationals used to spend their hot season in Ethiopia. Accordingly, Ethiopia needs to connect its people with Djibouti to build a cohesive society that can operate as a single economic space through facilitation of proper infrastructure connectivity. This implies that infrastructure links between the two countries can contribute to further enhance people to people communication.

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<sup>161</sup> Yakob Hailemariam (PhD) is a think tank (scholar in International Law) and Consultant on Legal Affairs. The interview was held in Addis Ababa, on July 07, 2017.

<sup>162</sup> Demissie Fantaye is a research advisor at Life and Peace Institute and Chief Editor of the Horn of Africa Bulletin. The interview was held in Addis Ababa, on July 12, 2017.

<sup>163</sup> Ahmed Shedi was a Minister of Transport of Federal Democratic Republic of Ethiopia. The interview was held in Addis Ababa, on January 1, 2018.

<sup>164</sup> Alene Mehari is a Deputy Director of the Ethiopian Revenue and Customs Affairs at Galafi Branch. The interview was held in Galafi, on February 21, 2018.

Alwan (2017, interview)<sup>165</sup> remarks that the Ethio-Djibouti infrastructure linkage has strengthened interaction of the shared culture between the respective communities. It has positive implication of bringing people of the two countries together. The city of Dire Dawa is a pleasing laboratory of cultural interface along the corridor. By the same token, Ahmed (2018, interview)<sup>166</sup> depicts that the cross-border infrastructure link between Ethiopia and Djibouti has deepened the societal bond. For example, Amharic has become an important language in Djibouti. Let alone Djiboutian nationals, even the Arabs like Yemeni in Djibouti are speaking Amharic language. In line with this, ENA (2019) mentioning one traveler named Moussa Abdi Hussein, who uses the train often, reports, the Ethio-Djibouti railway transport is crucial in creating good opportunity for the people of the respective countries to frequently interact. Hence, the infrastructure links seem to be model in the Horn of African boosting people-to-people communication between the two countries.

Following the infrastructure linkages, Ahmed (2018, interview)<sup>167</sup> notes, cultural bond and sense of connection of identity between the two communities is more enhanced. For example, when Ethiopia has celebrated nations and nationalities day in 2017, there has been Djibouti's group in Semera in that day to display cultural show together with the Ethiopia's nations and nationalities. While Djibouti's Afar feel more comfortable to Semera and they do not feel they went to a foreign country, Djibouti's Issas who came to Dire Dawa do not feel they went to a foreign land. Consequently, Andualem (2017) depicts, because of this cultural tie and economic bond, Ethiopia has allowed Djibouti citizens to enter the country without visa. This suggests that the infrastructure connectivity is stimulating shared identity at community level by enhancing social and cultural ties between the respective communities.

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<sup>165</sup> Daoud Dbubeker Alwan is an Expert in charge of Maritime Security in the IGAD Security Sector Program (ISSP). The interview was held in Addis Ababa, on May 21, 2017.

<sup>166</sup> Ahmed Shedi was a Minister of Transport of Federal Democratic Republic of Ethiopia. At present, he is a Ministry of Finance. The interview was held in Addis Ababa, on January 1, 2018.

<sup>167</sup> Ibid

In line with this, Suleiman (2017, interview)<sup>168</sup> argues that the joint infrastructure development cooperation guaranteed a stable political relation between Ethiopia and Djibouti. In the past, there were insurgents who based in Djibouti that destabilize Ethiopia's peace and security. However, after the infrastructure ties get wired, Djibouti has removed rebellious groups based in its territory. So, the infrastructural cooperation positively impacts the political and military security concern of the two countries. Likewise, Abebe Teklehimanot (2017, interview)<sup>169</sup> depicts, Ethio-Djibouti infrastructure connection has positive contribution on political firmness of the two countries, as Tuemay (2017, interview)<sup>170</sup> further notes, Ethiopia's political leverages on Djibouti might discourage states like Egypt, which is not in good security terms with Ethiopia.

Accordingly, Suleiman (2017, interview)<sup>171</sup> points that once the two peoples benefited out of the economic ties, there is no reason why the two parties look for political association. In line with this, Alemu (2017, interview)<sup>172</sup> notes, there is a change of attitude at people level in Djibouti that can be seen as a good manifestation of moving the cooperation into greater level. In this regard, Kassahun (2018, interview)<sup>173</sup> points out that the infrastructural linkage has political impact with a potential of creating confederation. In line with this, Tuemay (2017, interview)<sup>174</sup> depicts that Djibouti has a kind of mixed view towards Ethiopia. On the one side the political

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<sup>168</sup> At the time of the interview, Suleiman Dedeffer was a Director General for the Middle East Affairs in the Ministry of Foreign Affairs. Previously, he was Ethiopia's Ambassador to Djibouti. Currently, he is Ethiopia's Ambassador to Abu Dhabi, the capital of the United Arab Emirates. The interview was held in Addis Ababa on June 27, 2017.

<sup>169</sup> Abebe Teklehimanot is previous commander of the Ethiopian air force, was Lecturer and director at Federal Studies department of AAU. The interview was held in Addis Ababa, on December 07, 2017.

<sup>170</sup> Tuemay Aregawi is a head of Transnational Organized Crime Pillar in the IGAD Security Sector Program (ISSP). The interview was held in Addis Ababa, on May 27, 2017.

<sup>171</sup> At the time of the interview, Suleiman Dedeffer was a Director General for the Middle East Affairs in the Ministry of Foreign Affairs. Previously, he was Ethiopia's Ambassador to Djibouti. Currently, he is Ethiopia's Ambassador to Abu Dhabi, the capital of the United Arab Emirates. The interview was held in Addis Ababa on June 27, 2017.

<sup>172</sup> Alemu Ambaye is a Deputy Chief Executive Officer of the Ethiopian Shipping and Logistic Service Enterprise in charge of the Shipping sector. The interview was held in Addis Ababa, on July 21, 2017.

<sup>173</sup> Kassahun Birhanne is a professor of political science and international relations at Addis Ababa, University. The interview was held in Addis Ababa, on August 21, 2018.

<sup>174</sup> Tuemay Aregawi is head of Transnational Organized Crime Pillar in the IGAD Security Sector Program (ISSP). The interview was held in Addis Ababa, on May 27, 2017.

elite are observing large number of migrants from Ethiopia, henceforth have negative image on the country as Djibouti feared its demography might be easily disturbed. On the other side, the community has realized that Djibouti can benefit from the economic growth in Ethiopia. This implies that if Djiboutian political elite minimize their current pessimism towards their relations with Ethiopia, the infrastructure tie induced social, economic, and political benefits for the two communities might shift the economic bond to political association.

### **5.1.3. Regional Implication of the Ethio-Djibouti Infrastructure Linkage**

According to Demissie (2017, interview)<sup>175</sup>, IGAD is a building block of African Economic Community (AEC) and is working to that objective. The IGAD Minimum Integration Plan (MIP) has very far reaching economic integration goals, including infrastructure connectivity. However, Tuemay (2017, interview)<sup>176</sup> points that IGAD is institutionally weak. It is guided by intergovernmental approach to implement projects, bring the members together, and develop policies. The problem with IGAD emanates from weak political commitment of member countries, reluctance to financial contribution, and overlapping membership of member states. For example, Uganda has never paid its contribution for the last decade although has regularly paid to the East African Community (EAC). This shows Uganda's interest in IGAD is very weak. Somalia and South Sudan are almost none existing governments due to domestic political turmoil. Sudan is trucked by its own domestic political problems. Only Ethiopia, Djibouti, and Kenya are showing growing interest to be economically connected.

Abdurahman (2017, interview)<sup>177</sup> remarks that IGAD was mentioned doing best in achieving infrastructure cooperation between member states during the recent continental assessment for the regional economic communities (RECs). However, this record was because Ethiopia and

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<sup>175</sup> Demissie Fantaye is a research advisor at Life and Peace Institute and Chief Editor of the Horn of Africa Bulletin. The interview was held in Addis, Ababa on July 12, 2017.

<sup>176</sup> Tuemay Aregawi is head of Transnational Organized Crime Pillar in the IGAD Security Sector Program (ISSP). The interview was held in Addis Ababa, on May 27, 2017.

<sup>177</sup> Khalid Abdurahman is an Expert in charge of Security Institution Capacity Building Program in the IGAD Security Sector Program (ISSP). The interview was held in Addis Ababa, on May 16, 2017.

Djibouti are implementing IGAD's infrastructure network strategy in a good manner. Particularly, in terms of transport, Ethiopia has become cross-road for infrastructure link with other IGAD countries as well. Moreover, Muluken (2018) depicts that Ethiopia and Djibouti are engaged in social and economic cooperation such as road, electrified railway, energy, telecom, water, and forthcoming natural gas pipeline connectivity. Accordingly, Yishak (2017, interview)<sup>178</sup> argues the infrastructure connectivity between Ethiopia and Djibouti is a regional initiative making part of IGAD' Minimum Integration Program (MIP). Particularly, Warsame (2017) says that the electrical Ethio-Djibouti railway and Djibouti's improved maritime facility will enhance interactions with landlocked countries in East Africa as well.

Accordingly, Suleiman (2017, interview)<sup>179</sup> notes that Ethiopia and Djibouti are resolved to be exemplary of regional infrastructure link in the IGAD region. The Ethio-Djibouti infrastructure linkages are pillars to regional economic integration. ENA (2018) mentioning officials of the two countries reports that the two decades long bilateral relations between Ethiopia and Djibouti reinforced economic integration efforts in the Horn of Africa. In other words, the bilateral infrastructures development collaborations have the potentials to contribute towards economic integration in the region. On the other hand, Tuemay (2017, interview)<sup>180</sup> notes that the infrastructure development cooperation plan of IGAD is an Ethiopia's initiative sold to and owned by IGAD. Because, Abebe Muluneh (2017, interview)<sup>181</sup> depicts that Ethiopia believes working on regional infrastructure linkages, it will be an anchor state in the region serving as a big market for products and facilities that neighbors need. It is becoming clear that infrastructure development in Ethiopia would trigger economic interests that bind the whole IGAD region together. Accordingly, other IGAD countries can take lesson to follow the Ethio-Djibouti pattern

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<sup>178</sup> Yishak Tekalign is a Director of Bilateral and Regional Trade Relation and Negotiation in the Ministry of Trade. The interview was held in Addis Ababa, on February 19, 2017.

<sup>179</sup> At the time of the interview, Suleiman Dedeffer was a Director General for the Middle East Affairs in the Ministry of Foreign Affairs. Previously, he was Ethiopia's Ambassador to Djibouti. Currently, he is Ethiopia's Ambassador to Abu Dhabi, the capital of the United Arab Emirates. The interview was held in Addis Ababa on June 27, 2017.

<sup>180</sup> Tuemay Aregawi is head of Transnational Organized Crime Pillar in the IGAD Security Sector Program (ISSP). The interview was held in Addis Ababa, on May 27, 2017.

<sup>181</sup> Abebe Muluneh is a Director of IGAD Security Sector Program (ISSP). The interview was held in Addis Ababa, on May 16, 2017.

of infrastructural connection. This suggests that the multifaceted infrastructure linkages with Djibouti have wired Ethiopia's image as vigor for initiatives to regional infrastructure system in a manner of boosting IGAD's accreditations.

According to Abdurahman (2017, interview)<sup>182</sup>, Ethiopia for sure needs an alternative link to seaport to mitigate the maritime gateway dilemma. The IGAD countries can share the resources they have from which infrastructure link could be base to facilitate cooperation. In the view of Belete (2017, interview)<sup>183</sup>, Djibouti can extend its impact not only on Ethiopia but also on the landlocked states such as South Sudan and Uganda. For example, the Ethio-Djibouti railway infrastructure is planned to be extended up to South Sudan. In line with this, Tadele (2017, interview) argues<sup>184</sup>, Ethiopia has gained credibility in getting credit from China and Western countries to finance infrastructure connections. In other words, Daoud (2017, interview)<sup>185</sup> argues, the infrastructure tie between Ethiopia and Djibouti has a regional vision that Djibouti to be a maritime hub and Ethiopia to be an energy, technology, agricultural, green revolution in terms of water technology. This assertion indicates that the infrastructure development cooperation between Ethiopia and Djibouti has the likelihood of regional expansion yielding positive impact for regional infrastructure system.

However, for Mosses (2017, interview)<sup>186</sup>, it should be remarked that the state politics in the region and economic cooperation and integration ambitions are not going together. Ethiopia in particular would have challenging time if it needs to get integrated with IGAD countries.

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<sup>182</sup> Khalid Abdurahman (Sudanese) is an expert in charge of Security Institution Capacity Building Program in the IGAD Security Sector Program (ISSP). The interview was held in Addis Ababa, on May 16, 2017.

<sup>183</sup> Belete Belachew is senior researcher at Center for Dialogue, Resresearch and Cooperation (CDRC) and author of "Djibouti: A Measure of Ethiopia's Dependence". The interview was held in Addis Ababa, on June 23, 2017.

<sup>184</sup> Tadele Degefa is a Manger in Rail Network, Quality, Safety, Security, and Environment management Section in the Ethiopian Railway Corporation (ERC). The interview was held in Addis Ababa, on August 07, 2017.

<sup>185</sup> Daoud Dbubeker Alwan (Djiboutian) is an expert in charge of Maritime Security in the IGAD Security Sector Program (ISSP). The interview was held in Addis Ababa, on May 21, 2017.

<sup>186</sup> Mosses Akeler is expert in charge of Conflict Analyst for IGAD in the IGAD Security Sector Program (ISSP). The interview was held in Addis Ababa, on May 22, 2017.

Ethiopia runs a political economy of ‘inward-looking’ communist inclined democratic developmental state in which overall economy was controlled by the government, despite some policy changes to include liberal values recently. But, the other IGAD countries including Djibouti are capitalist, where economic sectors are liberalized. Moreover, with the exception of agreement between Ethiopia and Kenya, IGAD states are not allowing nationals of other countries to enter without visa. On top of this, the most important constraint is communication that is language as Amharic is quite exclusive to Ethiopia.

## **5.2. Challenges**

### **5.2.1. Economic and Political Drawbacks**

According to Demissie (2017, interview)<sup>187</sup>, the increasing of infrastructure linkages between Ethiopia and Djibouti is one of the long term outcomes of the 1998-2000 Ethio-Eritrea war. The potable water and power supply, railway connectivity, and port services have short term economic advantage to Ethiopia. In the view of Yesiwas (2017, interview)<sup>188</sup>, Ethiopia’s heavy dependence on Djibouti port is by its own consent due to feebleness of the EPRDF’s government. As Ethiopia has better market, investment opportunity, and resource endowments, it was Djibouti that should have been dependent on Ethiopia. Equally, Demissie (2017, interview)<sup>189</sup> remarks that Ethiopia’s maritime gateway dilemma exacerbated due to late and hardly successful move on the part of Ethiopia’s political elite to secure alternative port for the country. Ethiopia produces primary goods like coffee, chat, grains, livestock, hides and skins exported to those coastal countries and beyond. In this context, Ethiopia’s growing international trade is central reason to provide economic bases to their ports; hence, those countries need

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<sup>187</sup> Demissie Fantaye is a research advisor at Life and Peace Institute and Chief Editor of the Horn of Africa Bulletin. The interview was held in Addis Ababa, on July 12, 2017.

<sup>188</sup> At the time of the interview, Suleiman Dedeffer was a Director General for the Middle East Affairs in the Ministry of Foreign Affairs. Previously, he was Ethiopia’s Ambassador to Djibouti. Currently, he is Ethiopia’s Ambassador to Abu Dhabi, the capital of the United Arab Emirates. The interview was held in Addis Ababa on June 27, 2017.

<sup>189</sup> Demissie Fantaye is a research advisor at Life and Peace Institute and Chief Editor of the Horn of Africa Bulletin. The interview was held in Addis Ababa on July 12, 2017.

Ethiopia. Ironically, Djibouti's policy-makers think Ethiopia is recipient, which need Djibouti critically. This implies that Ethiopia has done very little in diversifying alternative ports to address its deep reliance on Djibouti ports, which has negative implication.

Seeing trade logistics, Wogayehu (2017, interview)<sup>190</sup> points out that there is double-sided commodity exchange across the corridor. Firstly, Ethiopia's maritime logistics connectivity is for import-export trade through Djibouti to the external world. Secondly, Ethiopia exports different products such as vegetables, fruits, foodstuff, chat, water, and electric power to Djibouti. Yet, Ethiopia imports only salt and lesser amount of fish from Djibouti. Hence, the heavy weight of trade logistic linkage is maritime logistics out of which Djibouti earns huge revenue from Ethiopia. In line with this, Yakob (2017, interview)<sup>191</sup> notes, Ethiopia needs Djibouti badly for the purpose of port utilization, which is its life line. However, Wogayehu (2017, interview)<sup>192</sup> points that the costly port charge and demurrage fee are in a way that did not consider economic returns of what Ethiopia is providing to Djibouti. So long as international trade is smoothly facilitated, Ethiopia assumes it as one way or another economic benefit. This shows that Djibouti's economic advantage is considerable as compared to that of Ethiopia.

By the same token, Alene (2018, interview)<sup>193</sup> argues, the overall relation between the two parties can be characterized by Ethiopia's dependence on Djibouti. What Ethiopia is doing is sustaining utilization of the port of Djibouti with economic sacrifices to evade disadvantage of missing it. Consequently, Djibouti is direct beneficiary in terms economic figure value from the infrastructure connectivity. According to Redae (2017, interview)<sup>194</sup>, Ethiopia needs alternative

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<sup>190</sup> Wogayehu Adebu is a Custom Procedure Developer Team Coordinator in the Ethiopian Revenue and Customs Authority. The interview was held in Addis Ababa, on August 16, 2017.

<sup>191</sup> Yakob Hailemariam is a think tank (scholar in International Law) and Consultant on Legal Affairs. The interview was held in Addis Ababa, on July 07, 2017.

<sup>192</sup> Wogayehu Adebu is a Custom Procedure Developer Team Coordinator in the Ethiopian Revenue and Customs Authority. The interview was held in Addis Ababa, on August 16, 2017.

<sup>193</sup> Alene Mehari is a Deputy Director of the Ethiopian Revenue and Customs Affairs at Galafi Branch. The interview was held in Galafi, on February 21, 2018.

<sup>194</sup> Redae Halefom was Head at EPRDF's Head Quarter Office at the time of the interview. The interview was held in Addis Ababa, on March 07, 2017.

seaports. However, diversifying port does not mean leaving Djibouti alone. Let alone landlocked Ethiopia, countries that own port like Eritrea, Somalia, and Kenya are using the ports as bulk of global sea trade is being carried out through Djibouti. This scenario implies that Ethiopia's maritime access dilemma should be considered in a manner of securing effective and reasonable alternative port without reducing Djibouti ports.

Apart from this, Bekuma (2018, interview), and Solomon (2018, interview)<sup>195</sup> argue that Djibouti seems unconvinced about mutual economic benefit of the infrastructure connectivity. In line with this, Haftay (2018, interview)<sup>196</sup> mentions that Djibouti failed to maintain roads in its territory due to suspicion that Ethiopia might reconcile its relation with Eritrea and shift to using Assab and Massawa ports showing cynicism on Ethiopia. More importantly, Belete (2017, interview)<sup>197</sup> notes that Djibouti is working to minimize its dependence on Ethiopia for port services by enhancing trans-shipment to other countries. Concerning this, Tuemay (2017, interview)<sup>198</sup> argues that the transshipment service and building of an economic free zone with the help of China are really helpful to reduce Djibouti's dependence on Ethiopia. Those realities put Ethiopia in a difficult situation to have influence on Djibouti on port matters. Yet, building additional transit infrastructure to be linked with regional ports would be very expensive to Ethiopia compelling to enjoy relative advantage of Djibouti ports for some years to come.

In line with this, Fasika (2018) (citing the Djibouti Ports and Free Zone Authority (DPFZA)) argues that Djibouti's container traffic at Doraleh Container Terminal (DCT) has climbed by 25.8 per cent following the shift of managing company from DP World (currently managing

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<sup>195</sup> Bekuma Etecha is a Port and Terminal Logistic Affairs head in the Ethiopian Maritime Transport Logistics at Semera dray port. The interview was held in Semera, on February 24, 2018; and Solomon Getnnet is a Revenue and Customs Issues Assurance Coordinator in the Ethiopian Revenue and Customs Office at Semera Dry Port. The interview was held in Semera, on February 27, 2018.

<sup>196</sup> Hftay Gebresilase is a Private truck Driver along the Ethio-Djibouti road corridor. The interview was held in Galafi, on March 12, 2018.

<sup>197</sup> Belete Belachew is senior researcher at Center for Dialogue, Resresearch and Cooperation (CDRC) and author of "Djibouti: A Measure of Ethiopia's Dependence". The interview was held in Addis Ababa, on June 23, 2017.

<sup>198</sup> Tuemay Aregawi is head of Transnational Organized Crime Pillar in the IGAD Security Sector Program (ISSP). The interview was held in Addis Ababa, on May 27, 2017.

Berbera Port in Somaliland) to the Singapore based China's Pacific International Lines (PIL) in February 2018. According to DPFZA's report, performance of DCT has increased to handle an additional 300,000 twenty-foot-equivalent units (TEU). The port's capacity has increased from 25 containers a crane an hour to 34. Nonetheless, transshipment services for containers destined to the Red Sea and East Africa Ports has resulted in traffic jam and rise in volume of freight. Close to 52 per cent of the containers move to Mombasa Port, whereas the remaining destined to Port Sudan, Dar-El Salam and Durban. This increase in port traffic at Djibouti port has caused economic and business risk to Ethiopia. Consequently, as ESLSE agent in Djibouti stated, volume of cargoes destined to Ethiopia has significantly decreased by three folds. This illustrates that Djibouti will not dependent on Ethiopia for maritime businesses thanks to its geostrategic position as hub of port services to the Horn of Africa specific and beyond.

In terms of political diplomacy, Mosses (2017, interview)<sup>199</sup> remarks that the relation between Ethiopia and Djibouti has sign of future survival depends on present day joint cooperation. The interaction is a realist tradeoff as questionings of sovereignty are still dominating. After Eritrea goes down, Ethiopia upheld relations with Djibouti for economic, military, and diplomatic reasons. Yet, it is clear Djibouti could deny port access, so that, Ethiopia would be in trouble. Likewise, Djibouti knows Ethiopia is not going to attack it, relaying on external powers basing in its territory. So, it appears their relation is prescribed based on 'your survival tomorrow depends on how you behave today.' Accordingly, Redae (2017, interview)<sup>200</sup> remarks that the assertion of Ethiopia relative advantage on agriculture, water, and renewable energy and that of Djibouti on port services is hypothetical. Because, if something wrong happen to the relation between the two countries; things will go difficult and either of them would be insecure. This assertion implies that resolving Ethiopia's maritime security dilemma sustainably requires cautious, tactful, and strategic regional foreign policy and diplomacy.

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<sup>199</sup> Mosses Akeler is an IGAD Security Sector (ISSP) expert in charge of Conflict Analyst. The interview was held in Addis Ababa, on May 22, 2017.

<sup>200</sup> Redae Halefom was Head at EPRDF's Head Quarter Office at the time of the interview. The interview was held in Addis Ababa, on March 07, 2017.

In line with this, Tafese (2017, interview)<sup>201</sup> notes that Djibouti's political viability would be noticeable problem as domestic politics could result in probable conflict between the two dominant Afars and Issa ethnic groups. Moreover, Demissie (2017, interview)<sup>202</sup> points that the very volatility and unpredictability of the Djiboutian political elites is central. The key factor that should be considered here is perception of Djibouti's political elites to Ethiopia. In the mind of the Djiboutian political elites, Ethiopia is only doing those infrastructural linkages because it needs the port critically. Those political elites have a very short vision to understand relations with Ethiopia and they put Djibouti in a dominant position. A small number of political elite derived from the Issa group, who have self-perception of being very closer to Somalia and the Arab world, maintain the infrastructure projects as sign of brotherly relation with Ethiopia is for only media purpose.

Similarly, Tafese (2017, interview)<sup>203</sup> notes lack of equal political commitment between the two countries is challenge. At the level of policy, Ethiopia is politically firm as clearly putted in the regional foreign policy document that is currently at work. Whoever party comes to power in Ethiopia has concern on shared economic interest regardless of political ideologies they pursue. Nonetheless, from Djiboutian counterpart, there are certain indications that the government somehow rely on external powers. Accordingly, in the view of Gebru (2017, interview)<sup>204</sup>, arguing the present good relation with Djibouti would last for long is not convincing. Djibouti might shift its reliance to the Arab countries like Iran, Saudi Arabia and Egypt. One of those countries might come and sway Djibouti against Ethiopia. This implies that Ethiopia's policy makers lack strategic thinking in terms of maritime access security.

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<sup>201</sup> Tafese Olike is an assistance Professor on Political Science and International Relations at Addis Ababa University. The interview was held in Addis Ababa, on July 1, 2017.

<sup>202</sup> Demissie Fantaye is a research advisor at Life and Peace Institute and Chief Editor of the Horn of Africa Bulletin. The interview was held in Addis Ababa, on July 12, 2017.

<sup>203</sup> Tafese Olike is an assistance Professor on Political Science and International Relations at Addis Ababa University. The interview was held in Addis Ababa, on July 1, 2017.

<sup>204</sup> Gebru Asrat is an Executive Member of the Ethiopian Federal Democratic Unity Forum (Medrek) and former member of TPLF and Head of the Tigray Regional State. The interview was held in Addis Ababa, on March 09, 2017.

Apart from this, Abebe Muluneh (2017, interview)<sup>205</sup> notes although Ethiopia welcomes Djiboutian citizens without visa, Djibouti does not allow entrance of Ethiopian nationals without visa. However, Suleiman (2017, interview)<sup>206</sup> argues, it is normal to put a visa requirement by a small country like Djibouti as it could be overloaded by Ethiopian migrants. In this case, the Ethiopia government should give emphasis to control human traffics crossing to Djibouti and safeguard security of the transit services along the corridor.

### **5.2.2. External Powers' Involvement and Military Presence**

According to Solomon (2014), the Horn of Africa has been attracting external powers for agricultural land, water resources, and proximity to the Red Sea and Indian Ocean. The region is located at international sea trade route connecting Europe, Middle East, South East Asia, and the Far East. As a result, it has witnessed security threats such as terrorism and sea piracy attracting great powers to use the coastal areas for naval and military bases to counter the maritime security threats. Tafese (2017, interview)<sup>207</sup> notes that tiny countries like Djibouti are emerging in a diplomatically smart manner in order to survive. Djibouti is a member of the Arab League, African Union, and United Nations since its independence. The rationale for Djibouti to accept military presence of foreign powers is mainly economic. Accordingly, Djibouti does not care if it gets what it wants to get from the great powers, irrespective of Ethiopia's concern. Otherwise, Djibouti may not survive politically too. This assertion shows Djibouti's contingent approach to exploit its economic, political, and military advantages from dealings with foreign powers and Ethiopia concurrently.

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<sup>205</sup> Abebe Muluneh is a Director of IGAD Security Sector Program (ISSP). The interview was held in Addis Ababa, on May 16, 2017.

<sup>206</sup> At the time of the interview, Suleiman Dedeffer was a Director General for the Middle East Affairs in the Ministry of Foreign Affairs. Previously, he was Ethiopia's Ambassador to Djibouti. Currently, he is Ethiopia's Ambassador to Abu Dhabi, the capital of the United Arab Emirates. The interview was held in Addis Ababa on June 27, 2017.

<sup>207</sup> Tafese Olike is an assistance Professor on Political Science and International Relations at Addis Ababa University. The interview was held in Addis Ababa, on July 1, 2017.

In the view of Suleiman (2017, interview)<sup>208</sup>, Djibouti's letting land for foreign military bases is undesirable for Ethiopia. Although it has sovereign right to deal with any state, Djibouti is supposed to assure the military forces cannot threaten Ethiopia. Policy wise, Ethiopia does not permit presence of any external military forces into the Horn region for security reasons. For one reason, Yeshiwas (2017, interview)<sup>209</sup> remarks that Djibouti feels weak to protect itself from being swallowed by Ethiopia one day. To this end, Djibouti has always maintained militarily contingent of France to preserve its territorial integrity. For another, Redae (2017, interview)<sup>210</sup> notes that the fate of Djibouti is highly unpredictable as it might be battle field and an epicenter of ideological confrontation among the West, the East and the Middle Eastern powers. Accordingly, Mosses (2017, interview)<sup>211</sup> interrogates presence of external powers in Djibouti vigorously. Why the foreign powers such as US and China are having interest in those coastal countries of the Horn not only Djibouti, but also Somalia and Eritrea? Why Saudi Arabia has built military bases in Djibouti?

According to Belete (2017, interview)<sup>212</sup>, Djibouti is not showing concern to regional political and military ramifications of the prevalent geopolitical realignments. Rather, Djibouti is more concerned about its own economic interests by compromising between economic and political interests of United States and China. Besides, the Gulf states are emerging with similar interest in Djibouti making additional economic benefit to Djibouti. In this regard, Djibouti has gained in

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<sup>208</sup> At the time of the interview, Suleiman Dedeffer was a Director General for the Middle East Affairs in the Ministry of Foreign Affairs. Previously, he was Ethiopia's Ambassador to Djibouti. Currently, he is Ethiopia's Ambassador to Abu Dhabi, the capital of the United Arab Emirates. The interview was held in Addis Ababa on June 27, 2017.

<sup>209</sup> At the time of the interview, Yeshiwas Asefa was Chairman of the Blue Party, which is recently merged with other political parties to form EZEMA (Ethiopia Citizens for Social Justice (ECSJ)). The interview was held in Addis Ababa, on March 19, 2017.

<sup>210</sup> Redae Halefom was Head at EPRDF's Head Quarter Office at the time of interview. The interview was held in Addis Ababa, on March 07, 2017.

<sup>211</sup> Mosses Akeler (Kenyan) is an IGAD Security Sector (ISSP) expert in charge of Conflict Analyst. The interview was held in Addis Ababa, on May 22, 2017.

<sup>212</sup> Belete Belachew is senior researcher at Center for Dialogue, Research and Cooperation (CDRC) and author of "Djibouti: A Measure of Ethiopia's Dependence". The interview was held in Addis Ababa, on June 23, 2017.

political and military terms to survive as a state. However, in the view of Mosses (2017, interview)<sup>213</sup>, Djibouti is taking ‘the easier silly way out’. Instead of strengthening its own economic and military structures, Djibouti is depending on generating revenue in terms of renting land dropping its geo-strategic value to Africa and the Horn region specific. This implies that Djibouti may lose some of its autonomy over its cooperation matters with Ethiopia.

More importantly, great powers such as the United States, China, NATO, France, Japan, Germany, and Saudi Arabiya have military grounds in Djibouti (Zelalem, 2018). As a result, Belete (2017, interview)<sup>214</sup> notes that Djibouti appears to benefit a lot out of the outdoor financial windfalls. Mainly, Lilley (2018) points that US have a long-term security interest in the Horn of Africa and Djibouti specific. That resulted in establishment of the only military base in Africa (with 4,000 military personnel) as a component of war against terrorism in East Africa and the Arabian Peninsula. Mainly, China pays for military base a 20 million USD per a year that would last up to 2025 excluding greater than one billion USD loans. US pay 70 million USD yearly for the military base. Likewise, France pays more than 30 million USD annually for its military activities. All these together contribute to Djibouti’s thriving economy expected to stay about 7 per cent for some years to come. Moreover, Fortune (2018) reports that Djibouti has welcomed larger Chines investment on ports thinking it would not adversely affect Ethiopia’s strategic interest.

Shine (2019) notes that strategic interests of China and Russia in the Horn of Africa and Djibouti specific are international trade, fuel and mineral resources, safety of their nationals, and the need to secure political and military supremacy. China is expanding its naval force from Aden Gulf through the Red Sea to the Mediterranean Sea area. According to the Reporter (2017), Djibouti agreed for China’s military presence in its territory with up to 10,000 soldiers until 2026. Nonetheless, in the view of Shine (2019), although China is supporting the UN peace keeping

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<sup>213</sup> Mosses Akeler is an IGAD Security Sector (ISSP) expert in charge of Conflict Analyst. The interview was held in Addis Ababa, on May 22, 2017.

<sup>214</sup> Belete Belachew is senior researcher at Center for Dialogue, Resrearch and Cooperation (CDRC) and author of “Djibouti: A Measure of Ethiopia’s Dependence”. The interview was held in Addis Ababa, on June 23, 2017.

force and anti-piracy move in the Aden Gulf, the US has been acutely dissatisfied with Djibouti's renting land for lots of countries, particularly China a few kilometers away from its own base. For one reason, US have accused China for attacking Washington's military plane captains with leather rays in 2018. Moreover, Russia has interest to build military base in Djibouti albeit not accepted. This put forward apparent long term competition among great powers in Djibouti and the Red Sea area that might cause conflict of interest.

In line with this, as Djibouti's strategic location commands the Red Sea particularly the narrow passage Babel men dab, where big ships pass carrying energy resources to United States, Europe, and Asia, it has become one of the most contested countries in this part of the world. In order to advance their geopolitical and geo-economic interests, great powers have rivalry among themselves over Djibouti. This competition may at a point in time erupt into military conflict implicitly affecting economic, political, and military security of Ethiopia (Tafese, 2017, interview).<sup>215</sup> Moreover, Tuemay (2017, interview)<sup>216</sup> points involvement of the Western and Eastern countries in Djibouti has clear ideological drive. For example, initially, China was protecting its companies in Djibouti, but now it moved to protecting its own citizens. On top of this, there is no strong government that can deal with making balance between foreign powers' and that of Ethiopia's economic and political interests. In other words, Daoud (2017, interview)<sup>217</sup> argues that, so far, there is a kind of gentle man confrontations with implicit agreements of Djibouti with great powers. The problem would come if there is a conflict between the foreign powers for economic and military interests in the area. According to Tafese (2017, interview)<sup>218</sup>, there is clear indication that Djibouti is making some policy mistakes that would serve short-term interest. Problems resultant from external powers' involvement would either directly or indirectly affect the historic economic and political strategy of Ethiopia towards Djibouti.

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<sup>215</sup> Tafese Olika is assistance Professor of Political Science and International Relations, Addis Ababa University. The interview was held in Addis Ababa, on July 1, 2017.

<sup>216</sup> Tuemay Aregawi is head of Transnational Organized Crime Pillar in the IGAD Security Sector Program (ISSP). The interview was held in Addis Ababa, on May 27, 2017.

<sup>217</sup> Daoud Dbubeker Alwan is an expert in charge of Maritime Security in the IGAD Security Sector Program (ISSP). The interview was held in Addis Ababa, on May 21, 2017.

<sup>218</sup> Tafese Olika is assistance Professor of Political Science and International Relations, Addis Ababa University. The interview was held in Addis Ababa, on July 1, 2017.

Furthermore, Tuemay (2017, interview)<sup>219</sup> remarks that external powers can easily twist hands of Djibouti to jeopardize maritime gateway security of Ethiopia. Further, Belete (2017, interview)<sup>220</sup> notes the ports can be said are becoming property of China as Djibouti is highly indebted to develop them. Equally, Tuemay (2017, interview)<sup>221</sup> points out that building of the ‘economic free zone’ with China’s loan is also worthwhile to mention. As a result of such benefits, Belete (2017, interview)<sup>222</sup> explains, Djibouti is getting bolder and bolder to grow in confidence to the level of dictating terms on bilateral relations with Ethiopia. Consequently, bargaining power could tilt to the direction of Djibouti and Ethiopia stands to lose a lot. Accordingly, Tafese (2017, interview)<sup>223</sup> notes that Ethiopia has to work to have its naval force presence in this internationally contested region to safeguarded its foreign trade. This suggests that the scenario in the region is increasingly becoming hard for Ethiopia to deal with.

Likewise, Demissie (2017, interview)<sup>224</sup> points that external powers can give the Djiboutian political elite a very much distorted sort of confidence, which is dangerous to Ethio-Djibouti relations. Besides, the external powers that opened military bases in Djibouti might not necessarily be friendly to Ethiopia. Further, Abebe Teklehimanot (2017, interview)<sup>225</sup> notes, some Arab states are intent to control the Red Sea area, as Djibouti is a member of the Arab

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<sup>219</sup> Tuemay Aregawi is head of Transnational Organized Crime Pillar in the IGAD Security Sector Program (ISSP). The interview was held in Addis Ababa, on May 27, 2017.

<sup>220</sup> Belete Belachew is senior researcher at Center for Dialogue, Resresearch and Cooperation (CDRC) and author of “Djibouti: A Measure of Ethiopia’s Dependence”. The interview was held in Addis Ababa, on June 23, 2017.

<sup>221</sup> Tuemay Aregawi is head of Transnational Organized Crime Pillar in the IGAD Security Sector Program (ISSP). The interview was held in Addis Ababa, on May 27, 2017.

<sup>222</sup> Belete Belachew is senior researcher at Center for Dialogue, Resresearch and Cooperation (CDRC) and author of “Djibouti: A Measure of Ethiopia’s Dependence”. The interview was held in Addis Ababa, on June 23, 2017.

<sup>223</sup> Tafese Olika is assistance Professor of Political Science and International Relations, Addis Ababa University. The interview was held in Addis Ababa, on July 1, 2017.

<sup>224</sup> Demissie Fantaye is a research advisor at Life and Peace Institute and Chief Editor of the Horn of Africa Bulletin. The interview was held in Addis Ababa, on July 12, 2017.

<sup>225</sup> Abebe Teklehimanot was commander of the Ethiopian air force and Lecturer and director at Federal Studies department of AAU. The interview was held in Addis Ababa, on December 07, 2017.

League. Particularly, Demissie (2017, interview)<sup>226</sup> depicts Saudi Arabia's military presence in Djibouti, might pave the way for Egypt to come and should be a worrying issue for Ethiopia. Saudi Arabia's military base in Djibouti is part of its policy opposing Iran's potential political and military presence in the region. On top of this, Abebe Teklehimanot (2017)<sup>227</sup> notes Ethiopia does not have strong military intelligence system to control geopolitical dynamics in the region, study psychological aspect of adjacent community, and understand Djibouti's political elite and scholars. Those assertions indicate the adverse ramifications of Djibouti's reliance on foreign powers towards its economic and political relations with Ethiopia.

Subsequently, Roba Megerssa<sup>228</sup> stated to Bloomberg that Ethiopia was worried ever since foreign naval forces controlled Djibouti. The big threat to Ethiopia is that Djibouti may not have autonomy to decide on its own destiny. Presently, Ethiopia is planning military reform considering current developments i.e. rivalry of great powers and resultant political and economic condition of the country. The newly planned Ethiopia's navy force would assist to protect its 11 commercial ships based in Djibouti (Olewe, 2018). In line with this, Gebru (2017, interview)<sup>229</sup> remarks that Ethiopia should have its own small fleet of visible military presence in Djibouti at least to safeguard its import-export trade. However, what Ethiopia is doing is trying to make Djibouti dependent on it through logistical ties and this is foolish one. In general, Tsadkan (2017, interview)<sup>230</sup> notes that the presence of external powers might contradict with the current Ethio-Djibouti relations in the long-run. These arguments illustrate that Djibouti's balancing role between its economic interest with external powers and that of Ethiopia is

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<sup>226</sup> Demissie Fantaye is a research advisor at Life and Peace Institute and Chief Editor of the Horn of Africa Bulletin. The interview was held in Addis Ababa, on July 12, 2017.

<sup>227</sup> Abebe Teklehimanot was commander of the Ethiopian air force and Lecturer and director at Federal Studies department of AAU. The interview was held in Addis Ababa, on December 07, 2017.

<sup>228</sup> Roba Megersa is head of the Ethiopian Shipping and Logistics Services Enterprise (ESLSE).

<sup>229</sup> Gebru Asrat is an Executive Member of the Ethiopian Federal Democratic Unity Forum (Medrek) and former member of TPLF and Head of the Tigray Regional State. The interview was held in Addis Ababa, on March 09, 2017.

<sup>230</sup> Tsadkan, Gebretinsae has been a Minister of National Defense and member of chief executive committee since 1991-2001, and currently works in a private organization. The interview was held in Addis Ababa, on December 12, 2017.

questionable, hence, should be seriously considered by Ethiopia bearing in mind Djibouti is its main maritime gateway.

### **5.2.3. Gulf Crisis and Its Geopolitical Implications**

According to Weber (2017), tensions between Saudi led Sunni and Iran led Shia to control Yemen and the oil prices drop are root causes of the crisis in the Gulf region. Shine (2019) notes that Turkey and Qatar on the one side, and Saudi Arabia and the United Arab Emirate, on the other side are competing for geostrategic interest in the Horn of Africa. Leulseged Girma<sup>231</sup> cited in Reporter (2018) points the Gulf Cooperation Council (GCC) states moved to isolate Iran and Qatar from the Red Sea geopolitical space to fulfill their interest on ports of Horn coastal countries. As Fortune (2018) states, Saudi Arabia and UAE view coastlines of Somalia, Djibouti, and Eritrea as their western security edge. Nonetheless, Weber (2017) remarks that the divide into Saudi-UAE and Qatar-Iran dichotomy has created crack among the Horn of Africa countries too. The geopolitical dynamics in the Gulf region has spillover effect to political and social stability of the Horn of Africa. In support of this, Belete (2017, interview)<sup>232</sup> depicts with changing aspects of geopolitics in the Gulf, things in the Horn of Africa changed rapidly to the negative.

Suleiman (2017) remarks although Ethiopia tries to be neutral on the GCC crisis to lessen harms to relations with neighbors, Djibouti, Eritrea, and Somaliland have supported the Saudi-UAE-Egypt coalition hoping their investments will have economic reward and counterbalance the damage occurred to relations with Qatar. Accordingly, Berhane (2015) notes though currently Ethiopia has good relations with Djibouti, Djibouti's enthusiasm for economic support from Saudi Arabia could adversely affect relations between the two countries. In this regard, Amen

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<sup>231</sup> Leulseged Girma is a geopolitical researcher at the Ethiopian Foreign Relations Strategic Studies Institute (EFRSSI).

<sup>232</sup> Belete Belachew is senior researcher at Center for Dialogue, Research and Cooperation (CDRC) and author of "Djibouti: A Measure of Ethiopia's Dependence". The interview was held in Addis Ababa, on June 23, 2017.

(2017) notes albeit the power politics of the Gulf countries would possibly jeopardize its national security, Ethiopia does not take measure so far. If it does not take defensive actions to offset political and military influences of the Gulf States in the Horn region, Ethiopia will undergo the costs. In line with this, Tuemay (2017, interview)<sup>233</sup> argues that Saudi Arabia has financially supported Djibouti to twist hand for alignment against Qatar. Given Ethiopia's neutral position on the Gulf coalitions, such intervention could at a point jeopardize prevailing relation between Ethiopia and Djibouti. Besides, Zelalem (2018) depicts the increasing Turkish and UAE economic and military influence in the Horn of Africa also nurtures the likelihood of limiting Ethiopia's utilization of Assab and Berbera ports of Eritrea and Somaliland respectively.

Further, Shine (2019) argues, in rivalry with UAE, there is a crack for involvement of Egypt through Turkey's military presence in Somalia due to Islamist Muslim Brotherhood link between Egypt and Turkey. If Egypt manage to have a heavy hand on Djibouti like it had in Eritrea, it could be a threat in some way to security of Ethiopia. For Tuemay (2017, interview)<sup>234</sup>, such geopolitical realignments forced Ethiopia to compromise its position with UAE and Somaliland to secure Berbera port as an alternative port. However, Lilley (2018) depicts that Djibouti's relation with UAE has been tense since February 2018 due to receding of the contract with Dubai Ports World (DP World) to maneuver Djibouti's main container shipping terminal. Accordingly, Berg and Meester (2018) argue that the tripartite port deal among Ethiopia, DP World (UAE), and Somaliland has disappointed Djibouti. Similarly, the Reporter (2018) notes despite recent development of good relation among Ethiopia, Eritrea, and UAE; Djibouti is not happy with Ethiopia's discrete decision to support lifting of United Nations sanction over Eritrea without consulting IGAD. Amin (2018) explains that obviously UAE targets at killing more than two birds with one stone using the Berbera Port deal with both Somaliland and Ethiopia. For one reason, UAE will get legality and protection from possible challenges from AU and IGAD for violating autonomy of Somalia. For another, if in case Somalia tends to challenge Somaliland, Ethiopia will react against the act as it is recipient from the tripartite port deal. UAE also needed to punish Djibouti for terminating the Doraleh Container Terminal operation agreement. This

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<sup>233</sup> Tuemay Aregawi is head of Transnational Organized Crime Pillar in the IGAD Security Sector Program (ISSP). The interview was held in Addis Ababa, on May 27, 2017.

<sup>234</sup> Ibid

means that vulnerability of the coastal countries of the Horn to external powers could adversely affect relations between Ethiopia and Djibouti further triggering maritime insecurity of Ethiopia.

In the view of Cannon and Rossiter (2017), the geostrategic rivalries of Gulf States inspired Ethiopia to stress on alternate maritime gateway to reduce dependence on Ports of Djibouti for its international trade and boosting regional role through amending relations with neighbors. Nonetheless, Fortune (2018) states, these alliances and diplomatic ties of Ethiopia with for example Eritrea clearly disappointed Djibouti, which is expected to adversely affect relations with Ethiopia. Likewise, according to the Reporter (2018), security analysts argue that Ethiopia should be careful in its relations with GCC countries so as to maintain good relations with neighbors such as Djibouti. Yet, other argue that Djibouti should stop being unpleasant with Ethiopia's interstate diplomatic relation with coastal countries of the Horn as the growing population and economy requires ports in the region for enhanced international trade.

## **Concluding Remarks**

The theoretical perspective applied to examine the Ethio-Djibouti infrastructure development cooperation is realism. According to realism, states worldwide are acting to pursue relative or self-centered gains to survival and the governing rule is balance of power. The relation between Ethiopia and Djibouti is a realist tradeoff, as it is planned based on the perception your tomorrow's survival will depend on how you behave today. Ethiopia and Djibouti have experienced remarkable economic and political relations after independence of the later. However, multifaceted infrastructure linkages have become deeper after the 1998-2000 Ethio-Eritrea-war that resulted in Ethiopia's shift of port use from Eritrea to Djibouti. The two countries have signed various bilateral agreements on infrastructure connectivity such as power trade, supply of potable water, maritime and port logistics, road and electrified railway cognizant of mutual economic return. Nonetheless, transit infrastructure has been capitalized to deal with maritime access security for Ethiopia.

Considering economic implications of the bilateral infrastructure linkages, Ethiopia is getting foreign currency from its energy supply to Djibouti since 2011. Equally, Djibouti has benefited from the low priced power supply so as to resolve local energy constraint, boosting its industrial production, improving business activities and household power consumption. Ethiopia earns very minimal revenue from the energy trade due to the low price and small amount exported, which means the power trade specific has much better economic advantages to Djibouti. Similarly, Ethiopia's potable water supply is proved to be more useful to Djibouti. Ethiopia is supplying Djibouti with potable water for free; regardless of the huge port and demurrage expenses on daily bases that the country experiences. However, Ethiopia's submarine optic fiber global link through Djibouti has resulted in reduced telecommunication cost, economic development, and improvement of ICT infrastructure. This implies that the power and potable water supply to Djibouti has resulted in negligible economic return to Ethiopia.

Similarly, the Ethio-Djibouti transit infrastructure linkage has economic security and insecurity implications for Ethiopia. Djibouti has developed port facilities and free trade zone to grow into regional maritime hub. Djibouti's better port depth and improved port facilities have played key role to facilitate flow of cargo to and out of Ethiopia. Hence, economic security wise, this has

somehow benefited Ethiopia. Above all, the Ethio-Djibouti road corridor is critical as a railway cannot fully replace it. Ethiopia's augmented import-export demand has caused high transit cost, traffic congestion and delay along the corridor, partly due to poor road standard mainly on the Djibouti's side. This led to construction of Addis Ababa- Djibouti electrified railway, which was finalized in 2016. The electrified railway has saved transit time and cost, reduced demurrage costs, increased cargo and fuel carrying capacity as compared to heavy truck, reduced road maintenance expense, fuel and spares parts costs, as well as, employment cost of drivers. Equally, Ethiopia applied a multimodal transit system that has reduced logistics costs, enhanced safety of cargos, ensured better shipping capability and volume, and minimized transit time and costs for storage at Djibouti. Similarly, the hinterland dry ports in both Ethiopia and Djibouti are intended to satisfy Ethiopia's increasing import-export demands. This implies that the electrified railway, multimodal transit system and dry ports have economic dividend to curb Ethiopia's disadvantages of being a landlocked country.

Nevertheless, it should be remarked that the Ethio-Djibouti transit infrastructures have economic drawback as regards to seaport security for Ethiopia. Economic wise, Djibouti's acceptance of foreign powers' involvement is puzzling Ethiopia. Djibouti is earning huge revenue from land-rent for military bases to major global powers adversely affecting economic interdependence between the two countries. Above all, China's taking part in key domestic infrastructures such as naval, highway, railway, and port facilities are indicators of Djibouti's vulnerability to external powers. The sizable credit supply by China and ultimate control of the domestic infrastructure has adverse ramifications for Ethiopia by triggering maritime gateway dilemma. Likewise, huge port tax and massive storage and demurrage costs imposed on Ethiopia are impeding the country's economy. Further, operational capabilities of the Djibouti ports require additional improvement bearing in mind Ethiopia's growing import-export demands. Moreover, the road from Djibouti side is damaged causing congestion and high transit costs. In terms of administration, some authorities and individuals in Djibouti need short-term benefits probably from lack of strategic thinking. Ethiopian traders and truck drivers are being discriminated against, intimidated, at times attacked, and insulted in the territory of Djibouti. Those point out that Djibouti has huge port service fee, inadequate capacity, and managerial constraints

suggesting the need to explore alternatives seaports for Ethiopia such as in Somaliland, Somalia, Sudan, Eritrean, and Kenya.

Moreover, Ethiopia has relative disadvantage in terms of cost and time due to long distance from Djibouti to Ethiopia's regional capitals. This has adverse economic impact as inland transport is costly. However, it must be noted that, while Port Sudan and the Eritrean port of Massawa are close and accessible to the Northern part of Ethiopia, Berbera of Somaliland and Kenya's Mombasa Ports are accessible to the Southern and South Eastern parts of Ethiopia. This suggests that looking for economically valuable alternative ports based on proximity of neighboring countries' ports to the regional capitals of Ethiopia is imperative. In terms of freight shipping and customs practices, inefficiency of the trade logistics along Ethio-Djibouti corridor is attributed to the situation of the two countries. One reason is weak competitiveness as Ethiopian Shipping and Logistics Service Enterprise is the only maritime freight shipping service provider in Ethiopia. Other factors obstructing transit of Ethiopia's international trade are poor customs practice of Ethiopia and Djibouti and working time difference between the two countries.

In terms of multi-sectorial security, economic inter-dependability was one opportunity of the Ethio-Djibouti infrastructure linkages for the two countries. The main factor for the bilateral infrastructure bond is Ethiopia's dependence on Port Djibouti. Djibouti is eye catching to Ethiopia for its geostrategic position as a landmark of global trade and shipping hub, better maritime facility, and relative proximity to Ethiopia's capital, Addis Ababa. Moreover, the huge investment on railway might force Ethiopia to stick to Port Djibouti as its main sea outlet. In terms of political and military issues, one of the key contributions of the infrastructure linkage is peace and cooperation between the respective border communities by creating a system that makes the two peoples feel equal pain, if any damage against the infrastructure occurs. Likewise, it could enhance military security of the two countries in a way of reducing terrorists' attacks and prevalence of transnational criminals along border areas as the two countries can initiate mechanism to mitigate security threats. Equally, the cross-border infrastructure tie has reinforced societal bond between the two countries. It has strengthened the shared culture and identity by creating psychological comfort between the respective communities. As long as the respective people benefited from the infrastructure connectivity, there would be better prospect of political

cohesion. Hence, the infrastructural connectivity has economic, political, military, social and cultural security dividend for both countries.

Beyond the two countries, the infrastructure development cooperations do have the potentials to boost economic integration in the Horn of Africa. The Intergovernmental Authority for Development (IGAD) recent success in realizing regional infrastructure was because of Ethiopia and Djibouti implementing IGAD's strategy in a good way. The bilateral mega projects have advantage of promoting infrastructural development cooperation in the IGAD region. In other words, the Ethio-Djibouti infrastructural links have regional vision that Djibouti to be a maritime hub and Ethiopia to be energy, technology, agricultural, and water resource center. However, Ethiopia would face challenge to cooperate and get integrated with IGAD countries. This is because, unlike other IGAD countries, Ethiopia runs a democratic developmental state policy in which the economy is substantially controlled by the government despite recent policy review to partly include liberal values. Despite such economic policy differences, the infrastructure linkages between Ethiopia and Djibouti have regional implications in a manner of boosting regional economic cooperation and integration.

Conversely, the bilateral infrastructure connectivity has economic, political, and military constraints too. Considering economy, the port service expenses are very high for Ethiopia, which does not match economic benefits that Djibouti obtains from Ethiopia. In contrast, Djibouti is minimizing its dependence on Ethiopia through trans-shipment services to other countries, which has resulted in traffic congestion resultant delay and reduced volume of cargo imported by Ethiopia. However, as building extra transit infrastructure linking to regional ports would be very expensive, it appears that Ethiopia would continue using Djibouti ports for some years to come. In terms of politics, in the mind of the Djiboutian political elite, Ethiopia is undertaking those infrastructural linkages because it needs their port critically. Equally, Djibouti's unpredictable domestic politics and weak political commitment to the Horn region as compare to great powers could be constraints for Ethiopia. These scenarios imply that solving Ethiopia's maritime security dilemma vigorously, requires cautious and robust regional economic diplomacy with other coastal countries of the Horn in the same way as Djibouti is using its geostrategic position as hub of port services to different clients.

In the same way, involvement of foreign powers such as United States, China, France, Japan, Germany, and Saudi Arabia for economic and military security interests has also adversely affected the bilateral infrastructure connectivity specific. For one reason, Djibouti has always relied on France to maintain its sovereignty. For another, Djibouti is earning huge revenue from renting its territory for military bases regardless of Ethiopia's concern. As Djibouti might not enjoy autonomy to decide on its own destiny, the rivalry among the great powers in Djibouti may also at a point in time erupt into conflict between the external powers harmfully affecting economic, political, and military securities of Ethiopia. Another constraint is the ongoing Gulf crisis although Ethiopia tries to be neutral to lessen harms to its relations with its neighbors. Eritrea, Djibouti, and Sudan have secured financial return for contribution into the Saudi-led military intervention in Yemen. Such a need for a Saudi's financial benefit could adversely affect relations between Ethiopia and Djibouti. Likewise, Egypt's immersion into Djibouti in rivalry with the United Arab Emirates is a threat to Ethiopia. Ethiopia's cooperation with United Arab Emirates and Somaliland has also disappointed Djibouti. Equally, Ethiopia's normalization of relation with Eritrea, which could enable Ethiopia to use Assab and Massawa ports, has been understood as a threat by Djiboutian policy-makers as this would possibly reduce revenue from Ethiopia. These assertions suggest that Djibouti's disregard of Ethiopia's interest focusing on its own economic returns infers Ethiopia should seriously watch geopolitical dynamics in the region and expand its alternative port access in a cautious manner as complete dependence on Port Djibouti is defective.

Findings of this study imply that the Ethio-Djibouti infrastructural connectivity since 1998 has resulted in security and insecurity implications for Ethiopia. This suggests that Ethiopia should insist diversifying transit infrastructures to be land linked with neighboring coastal states cautiously and strategically so as to reduce heavy dependence on Djibouti without underestimating its significance. Boosting intelligence facility to oversee developments in the region and Djibouti specific and hardening security of the shipment operation and protecting the Ethio-Djibouti infrastructures through sea navy force presence in Djibouti is also pivotal. The study calls for further research that examines other accessible ports on comparative bases bearing in mind distance, transit time and cost, capability of maritime logistics and transit infrastructure,

military security, as well as, ramification of geopolitical alignment in the Horn of Africa on Ethiopia's maritime access security dilemma.

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### Key Informants

| S. N | Name of Informant  | Responsibility of Informant  | Date of Interview | Place of Interview          | Nationality |
|------|--------------------|--|-------------------|-----------------------------|-------------|
| 1    | Abebe Kahsay       | Director of Transmissions, Operation, and Maintenance in the Ethiopian Electric Power                            | March 29, 2017    | Addis Ababa                 | Ethiopian   |
| 2    | Abebe Muluneh      | Director of IGAD Security Sector Program (ISSP)  | May 16, 2017      | Addis Ababa                 | Ethiopian   |
| 3    | Abebe Teklehimanot | Previous commander of the Ethiopian air force and was lecturer and director at Federal Studies department of AAU | Dec. 07, 2017     | Addis Ababa                 | Ethiopian   |
| 4    | Abdurahman, Khalid | an Expert in charge of Security Institution Capacity Building Program in the IGAD Security Sector Program (ISSP) | May 16, 2017      | Addis Ababa                 | Sudanese    |
| 5    | Adefris Dagne      | Expert in charge of import goods customs procedure Coordinator at Galafi Revenue and Customs office.             | February 24, 2018 | Galafi (border check point) | Ethiopian   |

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|----|-------------------|---|-------------------|-----------------------------|------------|
| 6  | Ahmed Shedi       | Minister of Transport of Federal Democratic Republic of Ethiopia during interview and now Ministry of Finance and Development of FDRE         | January 1, 2018.  | Addis Ababa                 | Ethiopian  |
| 7  | Alemayehu Wolde   | Directorate director of truck transport competencies insurance in the Federal Transport Authority   | April 21, 2017    | Addis Ababa                 | Ethiopian  |
| 8  | Alemu Ambaye      | Deputy Chief Executive Officer of the Ethiopian Shipping and Logistic Service Enterprise in charge of the Shipping sector                     | July 21, 2017     | Addis Ababa                 | Ethiopian  |
| 9  | Alene Mehari      | Deputy Director at Galafi check pint Office, Ethiopian Revenue and Customs Authority Galafi Office  | Feb. 21, 2018     | Galafi (border check point) | Ethiopian  |
| 10 | Alwan, Daoud      | An Expert in charge of Maritime Security in the IGAD Security Sector Program (ISSP)   | May 21, 2017      | Addis Ababa                 | Djiboutian |
| 11 | Belete Belachew   | Senior researcher at Center for Dialogue, Research and Cooperation (CDRC)   | June 23, 2017     | Addis Ababa                 | Ethiopian  |
| 12 | Bekuma Etecha     | Port and Terminal Logistic Affairs head in the Ethiopian Maritime Transport Logistics at the Semera dray port                                 | February 24, 2018 | Semera Dry Port             | Ethiopian  |
| 13 | Demelash Mulu     | Project Manager of Ethio-Djibouti Trans boundary Water Supply Project   | March 29, 2017.   | Addis Ababa                 | Ethiopian  |
| 14 | Demissie Fantaye  | Research advisor at Life and Peace Institute and chief editor of the Horn of Africa Bulletin  | July 12, 2017     | Addis Ababa                 | Ethiopian  |
| 15 | Elias Kiflemariam | Customs Procedure expert in Electronic Customs Management System (WF-ECMS Project)  | December 29, 2017 | Addis Ababa                 | Ethiopian  |
| 16 | Gebbru Asrat      | An executive member of the Ethiopian Federal Democratic Unity Forum (Medrek) and former member of TPLF and Head of the Tigray Regional State. | March 16, 2017    | Addis Ababa                 | Ethiopian  |
| 17 | Gedefaw Asmamaw   | Eastern Region Contract Management Directorate Director in the Ethiopian Road Authority   | March 21, 2017    | Addis Ababa                 | Ethiopian  |
| 18 | Gossaye Mengiste  | Chief Executive Officer of Ethiopian Electric Utility   | March 21, 2017    | Addis Ababa                 | Ethiopian  |
| 19 | Hftay Gebresilase | Private heavy truck Driver along the Ethio-Djibouti road corridor   | March 12, 2018    | Galafi (border              | Ethiopian  |

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|----|-------------------|--|-------------------|-----------------|-----------|
|    |                   |  |                   | check point)    |           |
| 20 | Kassahun Birhanne | Professor of political science and international relations at Addis Ababa University   | August 21, 2018   | Addis Ababa     | Ethiopian |
| 21 | Meaza Bruck       | Head of Marketing Department at Pacific Global Transit Company   | March 03, 2018    | Addis Ababa     | Ethiopian |
| 22 | Mekonen Abera     | Director General of Ethiopian Maritime Affairs Authority   | Feb. 21, 2017     | Addis Ababa     | Ethiopian |
| 23 | Mekurea Lema      | Director for Strategy and Planning in the Ethiopian Electric Power (EEP)   | March 22, 2017    | Addis Ababa     | Ethiopian |
| 24 | Mesafint Ashenef  | Director of Legal Service in the Ethiopian Railway Corporation   | Sept. 07, 2017    | Addis Ababa     | Ethiopian |
| 25 | Mesfin Dabi       | Senior energy analyst under the Energy Study and Development Follow-up Directorate in the Ministry of Water Radiation and Electricity.                             | March 17, 2017    | Addis Ababa     | Ethiopian |
| 26 | Mosses, Akeler    | An IGAD (ISSP) Expert in charge of Conflict Analyst  | May 22, 2017      | Addis Ababa     | Kenyan    |
| 27 | Mulugeta Halefom  | Marketing and Sales Head of Trans Transit Company  | March 05, 2018    | Addis Ababa     | Ethiopian |
| 28 | Nejat Abdurahman  | IGAD Security Sector Program (ISSP) expert on Counter Terrorism Capacity Building.   | May 27, 2017      | Addis Ababa     | Ethiopian |
| 29 | Redae Halefom     | Head at EPRDF's Head Quarter Office.   | March 07, 2017.   | Addis Ababa     | Ethiopian |
| 30 | Sahle Tamru       | Director for Energy Study and Development follow up at the Ministry of Water Radiation and Electricity   | March 16, 2017    | Addis Ababa     | Ethiopian |
| 31 | Siraje Abdela     | Director for Planning and Business Development Department in Ethiopian Shipping and Logistics Service Enterprise (ESLSE)   | March 7, 2017     | Addis Ababa     | Ethiopian |
| 32 | Six Abrar         | Road Network Planning Team Leader in the Ethiopian Road Authority  | March 19, 2017    | Addis Ababa     | Ethiopian |
| 33 | Solomon Getnnet   | Revenue and Customs Issues Assurance Coordinator in the Ethiopian Revenue and Customs Office at Semera Dry Port.   | February 27, 2018 | Semera Dry Port | Ethiopian |
| 34 | Suleiman Dedefo   | At the time of the interview, Suleiman Dedefo was a Director General for the Middle East Affairs in the Ministry of Foreign Affairs. Previously, he was Ethiopia's | June 27, 2017     | Addis Ababa     | Ethiopian |

|    |                     |  |                   |                             |           |
|----|---------------------|--|-------------------|-----------------------------|-----------|
|    |                     | Ambassador to Djibouti. Currently, he is Ethiopia's Ambassador to Abu Dhabi, the capital of the United Arab Emirates.  |                   |                             |           |
| 35 | Tadele Degefa       | Manger in Rail Network, Quality, Safety, Security, and Environment management Section in the Ethiopian Railway Corporation   | Sept. 07, 2017    | Addis Ababa                 | Ethiopian |
| 36 | Tafese Olika        | Associate Professor of Political Science and International Relations, Addis Ababa University   | July 1, 2017      | Addis Ababa                 | Ethiopian |
| 37 | Temesgen Yihunie    | Team Leader, Port and Transit corridor management at Ethiopian Maritime Affairs (EMA)  | March 7, 2017     | Addis Ababa                 | Ethiopian |
| 38 | Tesfaye Challa      | Private heavy truck Driver along the Ethio-Djibouti road corridor.   | March 07, 2018    | Galafi (border check point) | Ethiopian |
| 39 | Tsadkan Gebretinsae | Previously Minister of National Defense and member of EPRDF's chief executive committee from 1991 to 2001, and currently works in a private organization                                       | Dec. 12, 2017     | Addis Ababa                 | Ethiopian |
| 40 | Tuemay Aregawi      | Head of Transnational Organized Crime Pillar at IGAD Security Sector Program (ISSP)  | May 27, 2017      | Addis Ababa                 | Ethiopian |
| 41 | Wogayehu Adebu      | Custom Procedure Developer Team Coordinator in Ethiopian Revenue and Customs Authority   | August 16, 2017   | Addis Ababa                 | Ethiopian |
| 42 | Yakob Hailemariam   | Ethiopian scholar in International Law and Consultant on Legal Affairs (author of a book entitled 'To whom does Assab belong')   | July 07, 2017     | Addis Ababa                 | Ethiopian |
| 43 | Yeshiwas Asefa      | At the time of the interview, Yeshiwas Asefa was Chairman of the Blue Part, which is recently merged with other political parties to form EZEMA (Ethiopia Citizens for Social Justice (ECSJ)). | March 19, 2017.   | Addis Ababa                 | Ethiopian |
| 44 | Yisak Tekalign      | Director of Bilateral and Regional Trade Relation and Negotiation in the Ministry of Trade   | February 19, 2017 | Addis Ababa                 | Ethiopian |

## **Appendix**

### **Appendix A -Interview Guide Questions**

#### **1. Questions forwarded to Experts and Government Authorities**

- **Ethio-Djibouti Power Interconnection**

- B. As it is known, Ethiopia and Djibouti are cooperating on electric power infrastructure since 2011. What is your opinion on the current status, overall administration, and future expansion plan?
- C. As it is envisaged under the Ethiopia-Djibouti power interconnection project; energy trade is treated as the least cost option for enhancing business and investment in Djibouti, addressing the energy security constraint in both Ethiopia and Djibouti, and generate revenue for local development in Ethiopia. What is your opinion on the real economic implication/outcome/efficiency of the energy trade for both countries?
- D. As it is known, despite economic implication of the energy trade, there are grievances/criticisms from the public on the energy export arguing there is power shortage in Ethiopia negatively affecting the industry, business, and day to day electric demand of the people. What is your opinion on that to reconcile both contradictions?
- E. What is your opinion on political implication of the energy trade with Djibouti's for both countries?
- F. What is your opinion regarding possible prospects and challenges of the Ethiopia's energy trade cooperation with Djibouti?

- **Ethio-Djibouti Water Supply System**

- A. Ethiopia and Djibouti have signed a bilateral water supply cooperation agreement and that has become operational cognizant of economic and political return. What is your opinion on its implementation and status?

B. As it is already known, Ethiopia and Djibouti are jointly working to invest on water infrastructure and is recently on progress.

- ✓ What is your opinion in connection to its economic implication for Ethiopia as compared to that of Djibouti?
- ✓ What is your opinion in relation to political implication for Ethiopia?
- ✓ What is your opinion regarding possible challenges and prospects of the Ethio-Djibouti water infrastructural development cooperation in general?

• **Ethio-Djibouti Port and Maritime Logistics Linkage**

A. As the literature on the subject depicts, mutual economic cooperation is possible if it provides mutual gains for the parties. What is your opinion on the infrastructure development cooperation between Ethiopia and Djibouti in that regard?

B. Ethiopia and Djibouti have agreed and are engaged on infrastructure development cooperation on like water, energy, and port transit services. What is your opinion on the implementation and administration of agreements by both parties on port utilization, standard as well as dynamics on efficiency of modality of port logistics services?

C. Landlocked countries in Africa are facing economic challenge resulted from long distance markets that requires infrastructure investments.

- ✓ What is your view on economic implication of Ethiopia's shipping and logistics infrastructure development cooperation with Djibouti?
- ✓ Could you mention the extent of Ethiopia's expense in figure for port services for its import-export activities?

D. Given Ethiopia's heavy dependence on port of Djibouti, Djibouti has made huge investment on port development targeting Ethiopian's import-export.

- ✓ What is your opinion on uniqueness of port of Djibouti for Ethiopia as compared to other options considering its economic implications?

- ✓ What is your view on Ethiopian effort to deal with the heavy dependence like to assuring its own sea outlet and/or optional ports from other neighboring countries?
- E. At present Djibouti is making huge revenue from external powers like USA, France, China, Japan, and Saudi Arabia among others for its geo-strategic significance. What is your opinion on the external powers involvement in connection to the cooperation between the two countries?
- F. Ethiopia and Djibouti have undertaken railway network cooperation cognizant of mutual economic return. What is your opinion on economic efficiency/impact of the railway infrastructure corridor for the two countries as compared to road/truck transportations?
- G. What is your opinion regarding possible challenges and prospects on transit service delivery of Ethiopia's shipping and logistics infrastructural development cooperation with Djibouti?

- **Ethio-Djibouti Railway Connectivity**

- A. In spite of technological improvements in transport, landlocked developing countries continue to face structural challenges to accessing world markets. As a result, landlocked countries often lag behind their maritime neighbours in overall development and external trade. What is your opinion on in connection to the bilateral Ethiopia's infrastructure development cooperation with Djibouti?
- B. As the literature illustrates, cross-border railway infrastructure development is viewed as catalyst of growth and development, urbanization, and poverty reduction among others.
  - What is your opinion on the economic implication of the Ethiopia's railway interconnection with Djibouti?
  - What is your opinion on economic efficiency of the railway infrastructure corridor for the two countries as compared to road/truck transportations?

- C. Given Ethiopia's heavy dependence on port of Djibouti, Djibouti has made huge investment on port development targeting Ethiopian's import-export.
- What is your view on Ethiopian policy to deal with the heavy dependence like by securing its own sea outlet and developing optional railway link to utilize ports from other neighboring countries?
- D. Ethiopia and Djibouti have undertaken railway network cooperation cognizant of mutual political return. What is your opinion on its political implication for both countries?
- E. What is your opinion on possible prospects and challenges of Ethiopia's railway infrastructure integration with Djibouti?

- **Ethio-Djibouti Road Connectivity**

- A. As the literature illustrates, in spite of technological improvements in transport, landlocked developing countries continue to face structural challenges to accessing world markets. As a result, landlocked countries often lag behind their maritime neighbours in overall development and external trade. What is your opinion on in connection to the bilateral infrastructure development cooperation for Ethiopia?
- B. Ethiopia and Djibouti are engaged on infrastructure development cooperation on like water, energy, and transport. What is your opinion on the road project status, standard, and commitment for administration from both parties?
- C. As the literature illustrates, cross-border road infrastructure development is viewed as catalyst of growth, development, urbanization, and poverty reduction among others. What is your opinion in connection to the bilateral road corridor development cooperation for Ethiopia and Djibouti?
- D. Ethiopia and Djibouti are undertaking road cooperation cognizant of mutual economic and political return. What is your opinion on economic efficiency/impact of the bilateral road infrastructure corridor for the two countries? And your opinion on its political implication for both countries?

E. What is your opinion on possible prospects and challenges of the road network corridor between the two countries?

## **2. Questions forwarded to IGAD Security Sector Program (ISSP) Experts**

### **Economic aspect**

A. As the literature illustrates, in spite of technological improvements in transport, landlocked developing countries continue to face structural challenges to accessing world markets. As a result, landlocked countries often lag behind their maritime neighbours in overall development and external trade. What is your opinion in connection to the Ethiopian reality and the bilateral infrastructure development cooperation with Djibouti?

B. It is clear that Ethiopia and Djibouti are jointly investing on water, energy, railway, and port infrastructure. What is your opinion in connection to its economic implication for the two countries?

C. Infrastructure development cooperation is one among the pillars of IGAD's regional economic integration scheme under the MIP. What is your opinion on the nexus between the Ethiopia-Djibouti infrastructure development cooperation and the IGAD's MIP?

D. As literature in the area depicts, cross-border infrastructure development cooperation enhances regional economic integration. What is your opinion on the current Ethio-Djibouti infrastructure development cooperation in connection to the region?

### **Political, military, social, and cultural aspects**

A. As some literature depict, cross-border infrastructure development cooperation has been encouraged to deal with political security concerns of countries in a particular region. What is your opinion on the implication of Ethio-Djibouti infrastructure development cooperation in relation to political security threats for Ethiopia like organizational

stability of state, threats to state sovereignty/power relationships, system of government, and ideology that gave recognition/legitimacy?

- B. As some literature depict, cross-border infrastructure development cooperation has been encouraged to deal with military security concerns of countries in a particular region. What is your opinion on the implication of Ethio-Djibouti infrastructure development cooperation in relation to military security concerns for Ethiopia like forceful coercion, armed defensive and offensive capabilities, international security threats like terrorism, and nonmilitary threats like migrants or rival ideologies?
- C. Constructivists view identity factors such as culture, language, and identities as socially constructed and are components of both international cooperation and conflict. What is your opinion on Ethio-Djibouti economic cooperation towards creation of social cohesion and political union of the two countries?
- D. Experience from Europe and Asia has shown that regional cooperation of all sorts has resulted in peace and political stability among the parties. What is your opinion on the Ethio-Djibouti infrastructure development cooperation for the two countries and the Horn of Africa?
- E. Realists argue that the best option for a state that has a threat of future reversal of present collaboration is to insist integrating itself in order to reduce the threat in the future. What is your opinion on the consistency of Ethio-Djibouti infrastructure development cooperation in this regard?
- F. At present Djibouti is making huge revenue from external powers like USA, France, China, Japan, and Saudi Arabia among others for its geo-strategic significance. What is your opinion on the external powers involvement in connection to the cooperation between the two countries?

G. What is your opinion regarding possible challenges and prospects of Ethiopia-Djibouti infrastructural development cooperation?

### **3. Questions forwarded to the Academia**

#### **Economic aspect**

A. As the literature illustrates, in spite of technological improvements in transport, landlocked developing countries continue to face structural challenges to accessing world markets. As a result, landlocked countries often lag behind their maritime neighbours in overall development and external trade. What is your opinion in connection to the Ethiopia's landlockedness and infrastructure development cooperation with Djibouti?

B. As literature in the area depicts, cross-border infrastructure development cooperation enhances regional economic integration. What is your opinion on the current Ethio-Djibouti infrastructure development cooperation in connection to the region?

C. Given Ethiopia's heavy dependence on port of Djibouti, Djibouti has made huge investment on port development targeting Ethiopian's import-export.

- What is your opinion on uniqueness of port of Djibouti for Ethiopia as compared to other options?
- What is your view on the Ethiopian policy and effort to deal with the heavy dependence either by securing its own sea outlet or optional ports of other neighboring countries?

#### **Political, military, social, and cultural aspects**

A. As some literature depict, cross-border infrastructure development cooperation has been encouraged to deal with political security concerns of countries in a particular region. What is your opinion on the implication of Ethiopia's infrastructure development cooperation with Djibouti in relation to Ethiopia's military and political security threats to state sovereignty?

- B. Constructivists view identity factors such as culture, language, and identities as socially constructed and are components of both international cooperation and conflict. What is your opinion on Ethio-Djibouti economic cooperation towards creation of social cohesion and political union of the two countries?
  
- C. Realists argue that the best option for a state that has a threat of future reversal of present collaboration is to insist integrating itself in order to reduce the threat in the future. What is your opinion on the consistency of Djibouti's infrastructure development and economic cooperation with Ethiopia in this regard?
  
- D. At present Djibouti is making huge revenue from external powers like USA, France, China, Japan, and Saudi Arabia among others for its geo-strategic significance. Likewise, some Horn countries like Eritrea and Somalia are suspected to adversely affect the bilateral cooperation between Ethiopia and Djibouti. What is your opinion on the influence of the geo-political dynamics towards the bilateral economic cooperation between the two countries in general and maritime security of Ethiopia in particular?
  
- E. What is your opinion regarding possible challenges and prospects of Ethiopia's infrastructural development cooperation with Djibouti?

#### **4. Questions forwarded to the Political Party Elite**

##### **Economic aspect**

- A. In spite of technological improvements on transport, landlocked developing countries continue to face structural challenges to accessing world markets. As a result, landlocked countries often lag behind their maritime neighbours on overall development and external trade. What is your opinion in connection to the Ethiopian reality and in connection to Ethiopia's infrastructure development cooperation with Djibouti?
  
- B. Some writers argue Ethiopia's comparative advantage on agriculture, water, renewable electric energy versus Djibouti's comparative advantage on port can motivate economic

interdependence between the two countries. What is your opinion on comparative advantage for Ethiopia?

- C. Ethiopia and Djibouti has signed bilateral agreement on water supply project that Ethiopia to provide portable water to Djibouti. What is your opinion on its economic implication for Ethiopia?

**Political, military, social, and cultural aspects**

- A. Given Ethiopia's heavy dependence on port of Djibouti, Djibouti has made huge investment on port development targeting Ethiopian's import-export. What is your opinion on uniqueness of port of Djibouti for Ethiopia as compared to other options?
- B. Given Ethiopia's heavy dependence on port of Djibouti, Djibouti has made huge investment on port development targeting Ethiopian's import-export.
- What is your view on Ethiopian policy and effort to deal with the heavy dependence either via securing its own sea outlet or optional ports of other neighboring countries?
- C. As some literature depict, cross-border infrastructure development cooperation has been encouraged to deal with political security concerns of countries in a particular region. What is your opinion on the implication of Ethio-Djibouti infrastructure development cooperation in relation to political security threats for Ethiopia like stability of state, threats to state sovereignty, system of government, and recognition/legitimacy?
- D. As some literature depict, cross-border infrastructure development cooperation has been encouraged to deal with military security concerns of countries in a particular region. What is your opinion on the implication of Ethio-Djibouti infrastructure development cooperation in relation to military security concerns for Ethiopia like defensive and offensive capabilities, and international security threats like terrorism?
- E. Constructivists view identity factors such as culture, language, and identities as socially constructed and are components of both international cooperation and conflict. What is

your opinion on Ethio-Djibouti economic cooperation towards creation of social cohesion and political union of the two countries?

F. Realists argue that the best option for a state that has a threat of future reversal of present collaboration is to insist integrating itself in order to reduce the threat in the future. What is your opinion on the consistency of Ethio-Djibouti infrastructure development cooperation in this regard?

G. At present Djibouti is making huge revenue from external powers like USA, France, China, Japan, and Saudi Arabia among others for its geo-strategic significance. Likewise, some Horn countries like Eritrea and Somalia are suspected to adversely affect the bilateral cooperation between Ethiopia and Djibouti. What is your opinion on the geo-political dynamics in connection to the cooperation between the two countries?

H. What is your opinion regarding possible challenges and prospects of Ethiopia-Djibouti infrastructural development cooperation?

### Appendix B-Ethio-Djibouti Power Sells from May-2011 to February-2018

| MONTH                      | ENERGY SOLD IN KWH  |                    |                       | ENERGY SOLD IN USD |                     |                     |
|----------------------------|---------------------|--------------------|-----------------------|--------------------|---------------------|---------------------|
|                            | peak                | off peak           | TOTAL ENERGY IN KWH   | peak               | off peak            | TOTAL               |
| MAY-2011                   | 1,328.52            | 1,451,103.93       | 1,452,432.45          | 93.00              | 101,577.28          | 101,670.27          |
| JUNE-2011                  | 429,820.70          | 15,428,162.63      | 15,857,983.33         | 30,087.45          | 1,079,971.38        | 1,110,058.83        |
| JULY-2011                  | 775,941.59          | 19,368,772.69      | 20,144,714.28         | 54,315.91          | 1,162,126.36        | 1,216,442.27        |
| AUGUST-2011                | 772,893.18          | 24,099,032.76      | 24,871,925.94         | 54,102.52          | 1,445,941.97        | 1,500,044.49        |
| SEPTEMBER-2011             | 771,535.12          | 25,107,629.13      | 25,879,164.25         | 54,007.46          | 1,506,457.75        | 1,560,465.21        |
| OCTOBER-2011               | 841,043.63          | 24,961,206.41      | 25,802,250.04         | 58,873.05          | 1,497,672.38        | 1,556,545.43        |
| NOVEMBER-2011              | 1,142,063.05        | 23,308,482.96      | 24,450,546.01         | 79,944.41          | 1,398,508.98        | 1,478,453.39        |
| DECEMBER-2011              | 2,028,855.48        | 21,818,009.66      | 23,846,865.14         | 142,021.98         | 1,309,080.58        | 1,451,102.56        |
| <b>Total Energy in KWH</b> |                     |                    | <b>162,305,881.44</b> |                    |                     |                     |
| <b>JANUARY-2012</b>        | <b>2,474,033.69</b> | <b>21375860.83</b> | <b>23,849,894.52</b>  | <b>173,182.36</b>  | <b>1,496,310.26</b> | <b>1,669,492.62</b> |
| FEBRUARY-2012              | 3,091,811.19        | 21,675,074.44      | 24,766,885.63         | 216,426.78         | 1,517,255.21        | 1,733,681.99        |
| MARCH-2012                 | 3,580,775.13        | 24,411,654.37      | 27,992,429.50         | 250,654.26         | 1,708,815.81        | 1,959,470.07        |
| APRIL-2012                 | 4,199,279.37        | 27,018,750.01      | 31,218,029.38         | 293,949.56         | 1,891,312.50        | 2,185,262.06        |
| MAY-2012                   | 4,727,453.13        | 33,736,007.53      | 38,463,460.66         | 330,921.72         | 2,361,520.53        | 2,692,442.25        |

|                                 |                     |                      |                       |                   |                     |                     |
|---------------------------------|---------------------|----------------------|-----------------------|-------------------|---------------------|---------------------|
| JUNE-2012                       | 4,857,378.68        | 34,794,309.66        | 39,651,688.34         | 340,016.51        | 2,435,601.68        | 2,775,618.18        |
| JULY-2012                       | 4,851,977.39        | 35,897,381.92        | 40,749,359.31         | 339,638.42        | 2,153,842.92        | 2,493,481.33        |
| AUGUST-2012                     | 4,944,559.18        | 37,035,471.10        | 41,980,030.28         | 346,119.14        | 2,222,128.27        | 2,568,247.41        |
| SEPTEMBER-2012                  | 5,026,461.06        | 35,141,112.29        | 40,167,573.35         | 351,852.27        | 2,108,466.74        | 2,460,319.01        |
| OCTOBER-2012                    | 2,899,184.83        | 19,018,908.61        | 21,918,093.44         | 202,942.94        | 1,141,134.52        | 1,344,077.45        |
| NOVEMBER-2012                   | 4,045,003.81        | 24,949,966.09        | 28,994,969.90         | 283,150.27        | 1,689,643.90        | 1,972,794.17        |
| DECEMBER-2012                   | 4,074,355.39        | 25,037,515.30        | 29,111,870.69         | 285,204.88        | 1,752,626.07        | 2,037,830.95        |
| <b>Total Energy in KWH</b>      |                     |                      | <b>388,864,285.00</b> |                   |                     |                     |
| <b>JANUARY-2013</b>             | <b>3,723,197.95</b> | <b>22,845,663.43</b> | <b>26,568,861.38</b>  | <b>260,623.86</b> | <b>1,599,196.44</b> | <b>1,859,820.30</b> |
| FEBRUARY-2013                   | 3,670,034.63        | 21,756,616.00        | 25,426,650.63         | 256,902.42        | 1,522,963.12        | 1,779,865.54        |
| MARCH-2013                      | 4,289,304.80        | 25,449,136.16        | 29,738,440.96         | 300,251.34        | 1,781,439.53        | 2,081,690.87        |
| APRIL-2013                      | 4,090,721.51        | 28,210,547.91        | 32,301,269.42         | 286,350.51        | 1,974,738.35        | 2,261,088.86        |
| MAY-2013                        | 4,119,230.06        | 30,902,940.37        | 35,022,170.43         | 288,346.10        | 2,163,205.83        | 2,451,551.93        |
| JUNE-2013                       | 2,888,776.72        | 31,274,099.52        | 34,162,876.24         | 202,214.37        | 2,189,186.97        | 2,391,401.34        |
| JULY-2013                       | 3,283,145.56        | 31,792,707.14        | 35,075,852.70         | 229,820.19        | 2,225,489.50        | 2,455,309.69        |
| AUGUST-2013                     | 0.00                | 0.00                 | 38,515,705.55         | 0.00              | 0.00                | 2,413,291.81        |
| SEPTEMBER-2013                  | 0.00                | 0.00                 | 34,038,452.30         | 0.00              | 0.00                | 2,070,419.23        |
| OCTOBER-2013                    | 0.00                | 0.00                 | 31,399,598.39         | 0.00              | 0.00                | 1,910,261.50        |
| NOVEMBER-2013                   | 0.00                | 0.00                 | 27,146,346.71         | 0.00              | 0.00                | 1,835,589.66        |
| December-2013                   | 0.00                | 0.00                 | 23,576,437.28         | 0.00              | 0.00                | 1,650,350.61        |
| <b>Total Energy in KWH</b>      |                     |                      | <b>372,972,661.99</b> |                   |                     |                     |
| <b>January-2014</b>             | <b>2,829,202.83</b> | <b>23,150,893.23</b> | <b>25,980,096.06</b>  | <b>0.00</b>       | <b>0.00</b>         | <b>1,818,606.72</b> |
| February - 2014                 | 2,508,694.55        | 21,522,196.66        | 24,030,891.21         | 175,608.62        | 1,506,553.76        | 1,682,162.38        |
| March - 2014                    | 2,516,640.33        | 24,400,888.55        | 26,917,528.88         | 176,164.82        | 1,708,062.20        | 1,884,227.02        |
| April - 2014                    |                     |                      | 27,009,497.89         |                   |                     | 1,890,664.85        |
| MAY -2014                       |                     |                      | 26,539,284.19         |                   |                     | 1,857,749.89        |
| JUNE-2014                       |                     |                      | 33,818,702.76         |                   |                     | 2,367,309.19        |
| JULY- 2014                      |                     |                      | 33,818,702.76         |                   |                     | 2,367,309.19        |
| AUGUST- 2014                    |                     |                      | 36,000,783.46         |                   |                     | 2,198,083.36        |
| SEPTEMBER- 2014                 |                     |                      | 34,567,660.43         |                   |                     | 2,109,193.36        |
| OCTOBER- 2014                   |                     |                      | 29,260,685.35         |                   |                     | 1,783,998.21        |
| NOVEMBER- 2014                  |                     |                      | 28,557,077.57         |                   |                     | 1,947,083.78        |
| DECEMBER- 2014                  |                     |                      | 27,262,952.50         |                   |                     | 1,908,406.68        |
| <b>Total Energy in KWH/2014</b> |                     |                      | <b>353,763,863.06</b> |                   |                     |                     |
| <b>JANUARY - 2015</b>           |                     |                      | <b>24,378,598.09</b>  |                   |                     | <b>1,706,501.87</b> |
| FEBRUARY - 2015                 |                     |                      | 24,221,595.59         |                   |                     | 1,695,511.69        |
| MARCH - 2015                    |                     |                      | 28,762,282.35         |                   |                     | 2,013,359.76        |
| APRIL-2015                      |                     |                      | 24,668,086.68         |                   |                     | 1,726,766.07        |
| MAY-2015                        |                     |                      | 25,964,250.53         |                   |                     | 1,817,497.54        |
| JUNE-2015                       |                     |                      | 30,621,197.88         |                   |                     | 2,143,483.85        |
| JULY-2015                       | 2,231,412.61        | 28,699,471.52        | 30,930,884.13         | 156,198.88        | 1,721,968.29        | 1,878,167.17        |

|                          |                 |               |                            |              |              |                       |
|--------------------------|-----------------|---------------|----------------------------|--------------|--------------|-----------------------|
| AUGUST-2015              | 2,361,955.93    | 29,298,884.28 | 31,660,840.21              | 165,336.92   | 1,757,933.06 | 1,923,269.97          |
| SEPTEMBER-2015           | 2,300,556.40    | 25,618,206.64 | 27,918,763.04              | 161,038.95   | 1,537,092.40 | 1,698,131.35          |
| OCTOBER-2015             | 2,261,379.83    | 26,382,265.49 | 28,643,645.32              | 158,296.59   | 1,582,935.93 | 1,741,232.52          |
| November 2015            | 517,400.49      | 24,780,576.78 | 25,297,977.26              | 36,218.03    | 1,682,301.79 | 1,718,519.83          |
| DECEMBER- 2015           |                 |               | 20,017,690.02              |              |              | 1,401,238.30          |
| Total Energy in KWH/2015 |                 |               | <b>323,085,811.10</b>      |              |              |                       |
|                          | <b>off peak</b> | <b>Peak</b>   | <b>Total Energy in KWH</b> |              |              |                       |
| January 2016             |                 |               | 21,079,004.17              |              |              | 1,475,530.29          |
| February-2016            |                 |               | 18,486,714.64              |              |              | 1,294,070.02          |
| March-2016               |                 |               | 34,085,329.19              |              |              | 2,385,973.04          |
| April- 2016              |                 |               | 33,261,837.85              |              |              | 2,328,328.65          |
| May- 2016                |                 |               | 41,730,441.24              |              |              | 2,921,130.89          |
| June-2016                |                 |               | 46,869,786.19              |              |              | 3,280,885.03          |
| July-2016                | 46,613,253.76   | 6184939.28    | 52,798,193.04              | 2,796,795.23 | 432,945.75   | 3,229,740.98          |
| August-2016              | 45,294,607.56   | 6,139,711.58  | 51,434,319.14              | 2,717,676.45 | 429,779.81   | 3,600,402.34          |
| September-2016           | 46,579,693.50   | 6,384,750.19  | 52,964,443.69              | 2,794,781.61 | 446,932.51   | 3,707,511.06          |
| October-2016             | 37,765,252.38   | 5,574,355.67  | 43,339,608.06              | 2,265,915.14 | 390,204.90   | 3,033,772.56          |
| November-2016            | 6,679,354.51    | 25,125,495.89 | 31,804,850.40              | 400,761.27   | 1,758,784.71 | 2,226,339.53          |
| December-2016            |                 |               | 29,285,157.34              |              |              | 2,049,961.01          |
| Total Energy in KWH/2016 |                 |               | <b>457,139,684.95</b>      |              |              |                       |
| January-2017             |                 |               | 28,824,101.21              |              |              | 2,017,687.08          |
| February-2017            |                 |               | 27,105,899.09              |              |              | 1,897,412.94          |
| March-2017               |                 |               | 32,478,300.49              |              |              | 2,273,481.03          |
| April- 2017              |                 |               | 37,136,037.76              |              |              | 2,599,522.64          |
| May- 2017                |                 |               | 50,074,763.38              |              |              | 3,505,233.44          |
| June-2017                |                 |               | 54,826,072.31              |              |              | 3,837,825.06          |
| July-2017                | 52,642,309.64   | 7,206,398.14  | 59,848,707.79              | 3,158,538.58 | 504,447.87   | 3,662,986.45          |
| August-2017              | 50,420,985.66   | 6,787,155.38  | 57,208,141.04              | 3,025,259.14 | 475,100.88   | 4,004,569.87          |
| September-2017           | 45,713,101.92   | 6,232,984.30  | 51,946,086.22              | 2,742,786.12 | 436,308.90   | 3,636,226.04          |
| October-2017             | 41,714,790.63   | 5,902,732.82  | 47,617,523.45              | 2,502,887.44 | 413,191.30   | 3,333,226.64          |
| November-2017            | 7,984,310.61    | 28,906,581.36 | 36,890,891.97              | 479,058.64   | 2,023,460.70 | 2,582,362.44          |
| December-2017            |                 |               | 30,226,406.91              |              |              | 2,115,848.48          |
| Total Energy in KWH/2017 |                 |               | <b>514,182,931.63</b>      |              |              |                       |
| January-2018             |                 |               | 29,658,737.66              |              |              | 2,076,111.64          |
| February-2018            |                 |               | 28,226,168.32              |              |              | 1,975,831.78          |
| ٤٠٠٢                     |                 |               | <b>2,572,315,119.17</b>    |              |              | <b>177,358,586.75</b> |