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The National Electoral Board of Ethiopia (NEBE) extends the deadline for candidates to register for both the national and regional elections but opposition parties complain of increased harassment and electioneering. Ethiopia signs an agreement with Somaliland to access the Port of Berbera, and also signs a number of commercial accords with Djibouti. The Ethiopian Airport Enterprise (EAE) confirms plans for a new airport and transport hub to complement the expansion of Addis Ababa Bole International Airport.

Pre-election tension increases as candidate registration closes

Political tension continues to increase ahead of the May general election, undermining the credibility of the polls and raising the risk of opposition protests. The **National Electoral Board of Ethiopia (NEBE)** extended the deadline for candidates to register for both the national and regional elections until 11 February.¹ This allowed several opposition parties to resolve internal disputes that had jeopardised their participation in the election (see *ARC Ethiopia January 2015 Briefing*). The **Ethiopian Democratic Union (EDU)**, **Coalition for Unity and Democracy Party (CUD-Kinijit)**, the **Unity for Democracy and Justice (UDJ)** party and the **Ethiopian Visionary Party (EVP)** have all put forward candidates.

Despite this concession, opposition parties are facing increased harassment. In **Addis Ababa**, security forces beat and arrested opposition party members, activists and leaders who had participated in a demonstration on 6 December.² **Girma Seifu**, Ethiopia's single opposition MP, described a continuing dispute between his UDJ party and the NEBE over claims that the UDJ's electoral logo is politically motivated:

"From the very beginning, (government) activities have not been free and fair... They do not want us to participate. It is a tactic."³

However, Girma has said that the UDJ will not boycott the poll.

The ruling **Ethiopian People's Revolutionary Democratic Front (EPRDF)** is exploiting leadership disputes within the opposition. The EPRDF is hoping that its crackdown on opposition activists and journalists will result in further infighting as the opposition has previously failed to reach consensus on how to respond as a single bloc.⁴ The NEBE ruled in favour of **Tigistu Awelu** in a dispute over the leadership of the UDJ, triggering a series of defections by supporters of rival **Belay Fikadu** to other opposition parties.⁵ Senior officials who have decamped include UDJ speaker **Abebe Akalu** and member of the Addis Ababa executive committee, **Sintayehu Chekol**.

The EPRDF's "divide and conquer" approach to the opposition is part of an established trend. Throughout 2014, in addition to large-scale arrests of protesters, there were arrests of members and leaders of opposition political parties, as well as other dissenting voices. This has continued in 2015. The crackdown has also hit Ethiopia's limited independent media. An orchestrated smear campaign in the state-owned media continues to accuse independent papers of printing articles that

"...promoted terrorism, denied the economic growth, belittled the legacy of [prime minister] Meles Zenawi (1995-2012), and other supposed transgressions".⁶

¹ EBC, 12 Feb 2015.

² Source, journalist, Addis Ababa

³ Source, interview, Addis Ababa

⁴ Source, journalist, Addis Ababa

⁵ The Reporter, 7 Feb 2015.

⁶ Source, journalist, Addis Ababa

As a result, over 20 journalists have fled Ethiopia under threat of prosecution.⁷ Security officers detained six bloggers from the **Zone 9** collective and three independent journalists associated with the group in April 2014, and later charged them with terrorism offences. The arrests came just days after the group announced on social media the resumption of its activities, including voter education programmes in the run up to the elections.

As for the EPRDF, prime minister **Hailemariam Desalegn** (2012-present) is yet to formally announce his intention to lead the party into the elections. According to Ethiopian parliamentary convention, the majority party's chairman becomes prime minister. The EPRDF, known for its secrecy on internal politics, has yet to comment publicly. Girma questions how much influence Hailemariam enjoys within the EPRDF's upper echelons.

"Hailemariam is only able to rule with the amount of leverage he is provided by the party's other heavyweights. This clashes with the idea that a leader is able to put forward his own vision. He is not doing this. If I were him, I would have stepped down from my post."⁸

Opposition candidates won an unprecedented 174 out of 547 parliamentary seats in the 2005 election but many did not take them up, saying the vote was rigged. The violence that followed the 2005 poll killed 200 people. The opposition performed far less well in the 2010 election, and they are expected to register even fewer votes this time around.⁹

Ethiopia signs trade deals with Somaliland and Djibouti

Ethiopia has signed a number of deals with **Somalia's** autonomous region of **Somaliland** to ensure continued access to shipping trade routes. Ethiopia has looked to reduce its dependence on the deep water **Port of Djibouti** while not jeopardising wider economic and political relations with **Djibouti**.¹⁰ Relying on one trade corridor makes Ethiopia's logistical management dependent on relations with Djibouti and reduces its negotiating power to secure beneficial terms.¹¹

Ethiopia and Somaliland signed an agreement on 29 January according to which 5 to 10% of Ethiopian imports will arrive at the **Port of Berbera** on the **Gulf of Aden** (Somaliland).¹² In addition, in February, the state-owned **Ethiopian Shipping and Logistics Service Enterprise (ESLSE)** signed a contract with an agent in the Port of Berbera to handle its containers.¹³ The agent is a member of the Djibouti-based **GSK Group**, signaling the continued centrality of Djibouti to Ethiopia's trade logistics.¹⁴ According to the **Ethiopian Maritime Affairs Authority (EMEA)**, the ESLSE will use the Port of Berbera in the short-term for the importation of coal. The ESLSE has been quick to reassure Djibouti that use of the Port of Berbera will not affect bilateral trade as vessels will cross between **Dubai**, Djibouti, and Berbera before returning to Dubai. ESLSE vessels are scheduled to land at Berbera once every two weeks. The ESLSE wants to increase its presence in the Gulf of Aden to extend its reach towards **Asian** markets.

There are logistical concerns about the effectiveness of Berbera. The **Berbera Corridor** is underdeveloped, with the road on the Somaliland side of the border unpaved for long stretches.¹⁵ Ethiopia is working with the Somaliland government to secure financing for road improvement projects. As Somaliland is not recognised as an independent state, securing partial risk guarantees can prove problematic and contribute to delays in the project investment cycle.¹⁶

The Somaliland government manages the Port of Berbera through the autonomous **Berbera Port Authority**. The port has modern facilities, including a long linear wharf with five commercial berths.¹⁷ Port traffic is

⁷ Source, journalist, Addis Ababa

⁸ Source, journalist, Addis Ababa

⁹ Source, journalist, Addis Ababa

¹⁰ ERTA, 23 Jun 2014.

¹¹ World Bank, 2013

¹² Somaliland Sun, 29 Jan 2015.

¹³ Walta Information Centre, 12 Feb 2015.

¹⁴ Walta Information Centre, 12 Feb 2015.

¹⁵ Source, East Africa analyst

¹⁶ Source, East Africa analyst

¹⁷ Source, East Africa analyst

increasing at Berbera. The increasing use of containers has improved the port's efficiency in vessel turnaround and handling.

Ethiopian state-owned enterprises are looking to be involved in the additional development of the Port of Berbera. Negotiations continue between Somaliland and **Bolloré Africa Logistics** over a \$677m investment in the Port of Berbera.¹⁸ These talks have mainly centred on the construction and operation of a new general purpose port with dedicated container handling facilities and associated logistics infrastructure.

Ethiopia has moved to reassure Djibouti that it remains central to its regional political and economic strategy. The announcement of the Somaliland agreement came before a joint ministerial meeting between Ethiopian and Djiboutian officials started in Djibouti on 5 February. The two governments agreed to establish a joint committee to reform port and customs services to accelerate the movement of goods.¹⁹ As part of the agreement, the **Ethiopian Revenues and Customs Authority** will open an office in Djibouti. Ongoing arbitration proceedings over **DP World Ltd's** concession to manage the **Doraleh Container Terminal** (see *ARC Ethiopia November 2014 Briefing*) have not slowed Djibouti's \$9.8 billion expansion project at the Port of Djibouti, which is expected to be completed by the end of 2017. In Ethiopia work continues on the \$1.98 billion **Export Import Bank of China (China Exim)**-financed **China Civil Engineering Construction Corp**-constructed railway that will stretch from Djibouti to the **Somali Regional State**. Currently, 10,000 twenty-foot equivalent unit (TEU) containers arrive at Djibouti each month from Ethiopia.²⁰

Ethiopia and Djibouti have also signed an agreement to construct an oil pipeline to reduce the cost of imported petroleum.²¹ The pipeline will stretch from the Port of Djibouti to a fuel distribution depot in **Dire Dawa** in Ethiopia. The pipeline is expected to become operational in 2018. Currently, approximately 80% of Ethiopia's imported oil comes from Djibouti.

Government relations between Ethiopia and Djibouti remain close following a visit by Hailemariam in February. Djiboutian president **Ismail Omar Guelleh** (1999-present) echoed Ethiopia in accusing **Eritrea** of undermining regional stability and committed Djibouti to supporting the ongoing sanctions regime.²²

Ethiopia expands airport capacity

The **Ethiopian Airport Enterprise (EAE)** has confirmed plans for a new airport and transport hub to complement the expansion of **Addis Ababa Bole International Airport**. The EAE said it has not confirmed the location of the new airport but that it was no longer considering three previously proposed locations near **Modjo, Dukem** and **Teji**.²³ The council of ministers will announce the final location during the second quarter of 2015.²⁴ **France**-based consultancy **Aéroports de Paris** is conducting location, economic and technical feasibility studies for the new airport. The developer is expected to secure financing for the project through a vendor-financed model. Approving designs and securing financing may mean that construction work does not begin until 2022-2023.²⁵

The new airport will substantially increase Ethiopia's passenger handling capacity. It will have four runways compared to the one presently in use at Addis Ababa Bole International Airport and will handle 70 million passengers per year compared to Addis Ababa Bole International Airport's seven million. The construction of a new terminal at Addis Ababa Bole International Airport will increase passenger capacity to 20 million. The project will also include improvements to security and baggage handling at Addis Ababa Bole International Airport. **China Construction and Communication Co** is leading the expansion project which started in September 2014 and has an expected completion date of 2018.²⁶

¹⁸ Somaliland Globe, 16 Jul 2014.

¹⁹ ENA, 13 Feb 2015.

²⁰ EMEA data.

²¹ Capital, 12 Feb 2015.

²² ENA, 9 Feb 2015.

²³ Capital, 13 Feb 2015.

²⁴ Capital, 13 Feb 2015.

²⁵ Real Estate Monitor, 16 Feb 2015.

²⁶ Real Estate Monitor, 16 Feb 2015.

Implications

Government crackdowns on opposition supporters are likely to increase in the run up to the elections. Blanket arrests or accusations of electioneering at the NEBE may trigger violent demonstrations in both Addis Ababa and the **Oromia Regional State**. These are likely to target political and security offices and state-owned enterprises. Continued EPRDF dominance of political and business spheres increases the risk of political and economic instability when the eventual transfer of power occurs.

Ethiopia's trade logistics position will continue to improve through infrastructure developments in both Djibouti and Berbera. However, progress will remain slow. Long lead-times and high costs will continue to frustrate companies.

The airport investment shows Ethiopia's commitment to reducing logistical bottlenecks that risk curbing its continued growth. Securing financing might encourage delays to the projects but suggests the government is willing to compromise on its typical model of state-owned enterprises funding large infrastructure investments through domestic bank credit.