

A Week in the Horn

4th April 2014

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News in Brief

African Union

The 4th European Union-Africa Summit opened in Brussels on April 2 under the theme: “Investing in People, Prosperity and Peace”. It brought together Heads of State and Government from both continents, together with leaders of the EU and AU institutions. Prime Minister Hailemariam, Chairperson of IGAD, led an Ethiopian delegation which included Foreign Minister Dr Tedros and other senior officials. **(See article)**

Dr Tedros made a presentation about investment opportunities in Ethiopia at the EU-Africa Business Forum held on the sidelines of the EU-Africa Summit on Wednesday (April 2). The Forum, which deliberated on issues related to regulatory frameworks, energy development and ways to further increase partnership, was attended by representatives of European businesses, financiers and EU offices. **(See article)**

President Blaise Compaore of Burkina Faso, President Denis Sassou Nguesso of Congo, Foreign Minister Dr Tedros Adhanom and former EU Commissioner for Development and Humanitarian Aid, Louis Michel, were panelists in a debate on Security, Governance and Conservation on the sidelines of the EU/Africa Summit. **(See article)**

Ethiopia

President Dr Mulatu Teshome on Thursday (April 3) held talks with a nine-member Chinese business delegation led by Vice Foreign Minister Zhang Ming. Dr Mulatu hoped the delegation would encourage Chinese companies to engage in priority, labor intensive sectors, like the textile and leather industries. Vice Foreign Minister Zhang Ming said China would work to improve investment in Ethiopia and ensure mutual benefits.

Foreign Minister Dr Tedros met with Egypt’s Foreign Minister Nabil Fahmy on Wednesday (April 2) at the two-day EU-Africa summit in Brussels. Talks covered the Grand Ethiopian Renaissance Dam. Dr Tedros described the meeting as “candid” and Mr Fahmy said their discussions had been “frank and open”.

On the occasion of the 3rd anniversary of the start of construction of the Grand Ethiopian Renaissance Dam, the Director General of the Office of the National Council for the Coordination of Public Participation in the Construction of the Grand Renaissance Dam, Bereket Simon, described the Dam as a new ambassador in building a positive image of Ethiopia. **(See article)**

The Ethiopian government, along with five other African countries, signed on Friday (March 28) an agreement with the Food and Agriculture Organization of the United Nations to receive US\$2million from the Africa Solidarity Trust Fund to improve food security. The agreement was signed at the Food and Agricultural Regional Conference for Africa, held in Tunis, March 24-28.

Ethiopian Airlines launched its first non-stop flight to China's largest city and commercial hub, Shanghai on Saturday (March 29). Tewolde Gebremariam, Chief Executive Officer of Ethiopian Airlines, said with 28 weekly flights China was the largest single country network in Ethiopian's system. It operates flights to Beijing, Guangzhou, Hangzhou and Hongkong as well as Shanghai.

The Ethiopian Climate Innovation Center was launched at the end of last week. It aims to help more than 3 million people increase resilience to climate change and create more than 12,000 jobs in the next decade. It will provide financing, mentorship and advisory services to local entrepreneurs working in energy efficiency, renewable energy, agribusiness and biofuels.

Djibouti

Djibouti and Japan signed an agreement on Sunday (March 30th) for the construction of two patrol boats to expand the capacity of Djibouti's coastguard. The agreement was signed by Djibouti's Minister of Foreign Affairs and International Co-operation, Mahamoud Ali Youssouf and the Japanese Ambassador to Djibouti, Ambassador Atsushi Nishioka.

Former Djiboutian Prime Minister Dalita Mohamed Dalita will lead an African Union team tasked with monitoring Algerian presidential polls on April 17. The AU is sending a 200-strong observer team to monitor the poll.

Eritrea

President Isaias Afwerki on Wednesday (April 2) received a message from Mauritanian President, Mohamed Ould Abdelaziz, delivered by Mauritanian Minister of Environment, Carmara Amedi who also briefed the President on the Great Green Wall Sahara Initiative.

At the weekend, Eritrea withdrew from the 30th edition of the African Cup of Nations being held in Morocco next year. This means preliminary qualifying matches between Eritrea and South Sudan are cancelled and South Sudan now qualifies for the next round of qualification. The Eritrean Football Federation gave no reason for its withdrawal but in 2011, 13 Eritrean players sought asylum in Tanzania during the CAN and 12 members of the Eritrea squad took asylum in Kenya in 2009. Four Eritrean athletes also asked for asylum in the UK after the London Olympics.

Kenya

President Kenyatta told Parliament that he wants far-reaching reforms of the country's security to better protect the public from terrorism, including what he described as "a shake-up" of the National Security Intelligence Service. He said he hoped a new Prevention of Terrorism Act would give "the police and other security forces powers to keep Kenya safe and ensure no Kenyan is unfairly targeted or harassed".

Kenya's Defense Cabinet Secretary, Raychelle Omamo, said on Wednesday (April 2) that Kenya has no immediate plans to pull out Kenya Defense Forces from Somalia. The Minister described 2014 as a decisive year in the fight against Al-Shabaab, adding that "this is the time to step up military operations, to crush the terrorist groups in Somalia that are causing insecurity in this country."

Three explosions in the Eastleigh district of Nairobi on Monday (March 31) killed at least six people according to Kenyan officials. The blasts targeted two small restaurants and a local clinic. Following the explosions, Kenyan police arrested over 600 people on Tuesday and several hundred more the next day.

A radical Muslim preacher, Abubakar Shariff "Makaburi", was killed by shots from a passing car near Mombasa on Tuesday (April 1). Makaburi was accused by the UN Security Council and U.S. of supporting Al-Shabaab and he said the Westgate mall terrorist attack in Nairobi last September was justified.

Army Commander Major General J. K. Kasaon has said the defense forces should deal firmly with terrorism as it is a threat to national cohesion. He said the country faced new challenges from Somali-based terrorists who use sophisticated technology to target people and infrastructure. He said the threat was "real and dynamic".

Over the weekend, the United Nations High Commissioner for Refugees (UNHCR) said the Kenyan Government's decision to order some 50,000 refugees, mostly Somalis, to report to Dadaab or Kakoma camps after a recent upsurge in violence was "scapegoating" the refugees. The UNHCR said "blanket implementation of encampment measures is arbitrary and unreasonable, and carries a threat to human dignity."

The International Criminal Court on Monday (March 31) set October 7 as the new trial date in the case against Kenya's President Uhuru Kenyatta. According to the ICC judges, the trial was adjourned to give the Government of Kenya time to furnish the ICC Prosecutor with requested documents. The court has scheduled a conference on July 9 to hear progress.

Somalia

President Mohamud visited Baidoa at the weekend to talk to political leaders over the rival efforts to create a Southwestern Somali state. Last week, a conference elected a president for a three-region Southwestern Somali State to include Bay, Bakool and Lower Shebelle. Earlier, on March 3, another conference elected a leadership for a six-state Southwestern State, adding Gedo, Middle and Lower Juba regions to Bay, Bakool and Lower Shebelle.

The Speaker of the Somali Parliament Mohamed Sheikh Osman Jawari held a meeting with the newly elected president of the 3-region Southwest State. Also present were regional delegates, intellectuals and politicians. The Speaker urged them to resolve the political differences in Baidoa and other areas of the Bay region through peaceful dialogue.

Minister of Finance, Hussein Abdi Halane, presented the Budget for 2014-2015 to Parliament, on Sunday (March 30). It provides a 91% increase from US\$114.3m (2013-14) to UD\$218m for 2014-2015. It projects local tax revenue of US\$130m in this year's Budget with the remaining US\$88m coming from donor health, education, infrastructure and economic development projects.

Delegations from the Government of Somalia and from the Government of Somaliland have been meeting this week in Istanbul to discuss details of air traffic control. The Somali delegation was led by the Minister of Transportation and Civil Aviation, Sa'id Jama Qorshel; and Somaliland's delegation by the Minister of Civil Aviation and Air Transport, Mahmoud Hashi Abdi.

Puntland and Galmudug states on Monday (March 31) announced the creation of a united police force to counter the threat of Al-Shabaab whose fighters have been reported to be fleeing from AMISOM and Somali National Army operations further south. Puntland Police Commissioner Abdullahi Shire said the initiative came jointly from the leaders and police officers of the two administrations.

The Government of Japan has contributed US\$1m to the United Nations Voluntary Trust Fund for Assistance in Mine Action to allow the United Nations Mine Action Service (UNMAS) to continue support to Somalia. Since 2008 UNMAS has trained 1,138 persons in Explosive Ordnance Clearance.

Italy has given 28 vehicles to the Federal Police to help improve performance. At a handing over ceremony, attended by Italy's ambassador to Somalia, Andrea Mazzella, and government officials, Prime Minister Abdiweli Sheikh Ahmed thanked the Italian Government for their generous support to Somalia.

South Sudan

Diplomats representing major western powers issued a strong condemnation on Friday (March 28) of continued human rights violations by both the South Sudan government and rebel forces and protested against the obstruction of UN peacekeepers by both sides.

The South Sudanese government has called on the SPLM/A-in-Opposition, led by Riek Machar, not to obstruct the peace process by making "impossible demands". South Sudan's Foreign Affairs Minister, Barnaba Marial Benjamin said on Monday (March 31) that the government said it had shown its commitment to the peace process by accepting in principle to negotiate. **(See article)**

South Sudanese President Salva Kiir will visit Khartoum on Saturday (April 5) for talks with President Omar Al-Bashir. A spokesperson for the Sudan Foreign Ministry said the one-day visit was within the framework of contacts between the leadership of the two countries to enhance bilateral relations. They are expected to approve the resumption of joint border monitoring patrols, security arrangements, and discuss the situation in Abyei.

The World Food Program's Executive Director Ertharin Cousin and the UN High Commissioner for Refugees António Guterres spent two days in South Sudan this week and also visited refugees in Ethiopia. They were reviewing the response and the needs of the growing humanitarian crisis. **(See article)**

The South Sudanese government and the South Sudan Democratic Movement – Cobra Faction (SSDM-Cobra faction) of David Yau Yau initialed a peace deal on Friday (March 28). The agreement, brokered by the South Sudanese Church Leaders Mediation Initiative, allows for special territorial administration called Greater Pibor Administrative Area to be established in Pibor allowing the Murle to manage pasture and water sources.

The presiding judge announced on Tuesday (April 2) that Interior Minister, Aleu Ayieny Aleu, an important prosecution witness in the Special Court trial of four officials accused of treason in South Sudan, had withdrawn from the case. The four politicians, former secretary-general of the ruling SPLM, Pagan Amum, former ministers Majak D'Agot and Oyai Deng Ajak and the former envoy to the United States Ezekiel Lul Gatkuoth, are charged with treason. They all deny the charges.

Sudan

The Emir of Qatar, Sheikh Tamim bin Hamad al-Thani, visited the Sudan on Wednesday (April 2) to hold talks with President Omer Al-Bashir on bilateral relations and issues of mutual interest. Qatar hosted the talks in 2011 which led to the Doha Document for Peace in Darfur (DDPD) between Khartoum and the Liberation and Justice Movement. Last week US Special Envoy to Sudan and South Sudan, Ambassador Donald Booth met Qatar officials to review the Darfur peace process and efforts to include the non-signatory parties to the DDPD in the process.

Sudanese Presidential Assistant, Ibrahim Ghandour, declared on Sunday (March 30) that the ruling National Congress Party was willing to hold national dialogue with all opposition parties, adding that 58 parties had agreed to participate in a national dialogue aimed **at reaching** agreement on ways to end the on-going crises in the Sudan and bring a lasting solution for peace and stability in the country.

On Thursday (April 3), the African Union-United Nations Joint Special Representative for Darfur, Mohamed Ibn Chambas, briefed the members of the United Nations Security Council on what he called an "alarming escalation of violence" in Darfur over the past three months, which had resulted in over 215,000 civilians being displaced.

EU-Africa Summit: Ethiopia participates in Trade, Security and Governance Fora

The 4th EU-Africa Summit took place in Brussels this week (April 2-3) under the theme "Investing in People, Prosperity and Peace". The Summit brought together the Heads of State and Government of the European Union and the African continent, together with the EU and African Union institutions and a range of high-ranking international observers. Topics discussed included peace, security, investment, climate change and migration. The previous EU-Africa Summits took place in Cairo (2000), Lisbon (2007) and Tripoli (2010).

EU-Africa relations are largely based on the Joint Africa-EU Strategy, adopted in 2007. Alongside this strategy, there is also the 2011-2013 action plan, agreed at the last Tripoli EU-Africa summit in 2010, which sets out concrete targets within specific areas of cooperation, such as peace and security, democratic governance and human rights. This year's Summit, therefore, was an opportunity to take a fresh look at the EU-Africa partnership, to highlight some of the results that have been achieved, and to explore areas for future cooperation.

The Summit illustrated how EU-Africa relations have evolved over past years, highlighted the results achieved by the Continental Partnership and provided a framework for future cooperation. The Joint Africa-EU Strategy (JAES) adopted at the 2nd EU-Africa summit in Lisbon in 2007 established a partnership of equals going beyond development to tackle issues and challenges of common interest. In that spirit, both continents are committed to seizing further cooperation opportunities and expanding their political, economic, investment and trade ties. In line with this strategy, this Summit discussed ways to deepen cooperation under the three areas identified in the theme: people, prosperity and peace. The leaders discussed how to foster human capital through education and training, in particular for women and youth, to provide skills, knowledge and better qualifications. They also focused on issues such as mobility and the fight against human trafficking.

On the issue of prosperity, both African and European leaders emphasized the need for sustainable and inclusive growth to ensure socio-economic development and consolidate the recovery from the recent economic and financial crisis. They discussed how to create additional incentives for investment and find ways of stimulating growth that would create jobs in particular for young people, unlocking their productive and entrepreneurial potential. The promotion of agricultural development was a significant part of the discussion.

On peace, the Summit recognized that cooperation in this area between the two continents had shown some significant results in a number of regions, including the Horn of Africa and the Sahel for example. It looked at ways of enhancing EU support for African capacity to manage security on the continent. It also provided the opportunity to take stock of on-going and future cooperation in the various fields covered by the Joint Africa-EU Strategy and looked at ways to enable more effective and streamlined implementation. Important global issues such as climate change, the post-2015 development frameworks, were also given due attention in the discussions.

Ahead of the summit, accompanying events involved various European and African leaders in debate and reflection on EU-Africa relations. One such event was the Fifth Africa-EU Business Forum held March 31 to April 1. European Council President Herman Van Rompuy, European Commission President José Manuel Barroso and Vice-President Antonio Tajani, together with Commissioners Andris Piebalgs and Karel de Gucht, and AU Commission Chairperson Dlamini Zuma took part in the Forum which brought together about 500 participants including private sector representatives, business leaders from across Europe and Africa and government officials from both continents. The EU-Africa Business Forum deliberated on a number of issues related to regulatory frameworks, small and medium enterprises (SMEs), energy development and ways to further increase partnership between the two continents.

Ethiopia's Foreign Minister Dr Tedros made a presentation about Ethiopia's investment opportunities. Explaining the dynamic growth taking place in Ethiopia, he emphasized it had become the fifth fastest growing economy in 2011/12 with 8.4% GDP growth; and last year it was the fourth biggest economy in Sub-Saharan Africa with US\$118 billion GDP calculated against Purchasing Power Parity. Ethiopia, he noted, is also among the top twenty five best performers in improvement in the Human Development Index. Ethiopia's average growth in GDP Per Capita Income was recorded as 11% from 1992-2010. Dr Tedros also noted that global

investors ranked Ethiopia sixth among African countries in market opportunities; in 2012 alone it had received Foreign Direct Investment worth US\$1 billion. Dr Tedros described the manufacturing, infrastructure, agriculture and agro-industry, mining, oil and gas and hotel and tourism sectors as major growth drivers. With regard to the manufacturing sector, Dr Tedros invited global investors to take part in the consumer goods, textile and garment and leather industries. He also noted that Ethiopia had 3.8 million hectares of land for agricultural investment. He explained the opportunities in gas and oil exploration in which several multinational companies were currently working. In infrastructure, Dr Tedros gave details of the very substantial work being undertaken in telecommunications, energy and road and rail networks. He said "Ethiopia is now working on the development of 8,000 kms of rail and a 136,000 km road network and has embarked on a project to reach 50 million mobile telephone subscribers."

In the question and answer session, representatives of businesses raised questions regarding small and medium enterprises (SMEs) and the operation of the financial sector. Admasu Tadesse, president of the Preferential Trade Bank shared the experiences of the bank in financing projects in Ethiopia in the manufacturing and banking sectors. The Preferential Trade Bank has provided US\$150 million for various projects in Ethiopia, and the president explained the bank's plans to engage in reconstruction in Somalia. Dr Tedros highlighted the priority that Ethiopia accorded to SMEs and emphasized that it positively encouraged involvement of private investment in Ethiopia.

Another sideline debate, organized by Louis Michel, former EU Commissioner for Development and Humanitarian Aid on Security, Governance and Conservation was held in Brussels (April 1). President Blaise Compaore of Burkina Faso, President Denis Sassou Nguesso of Congo, Ethiopia's Foreign Minister Dr Tedros Adhanom and Louis Michel were panelists. Mr Michel highlighted the positive trajectory of Africa's development and the importance of giving due consideration to its views in the search for solution to contemporary security challenges. He said it was impractical to address challenges associated with non-traditional security such as migration, technology and conservation without the involvement of Africa, which was a real emerging force in the world. He noted that the African Union's involvement in DRC and Mali was proof that African countries were grappling with their continent's security challenges through their own policies. These efforts were indicative that the principle of collective security was expanding under the mantle of the African Union. At the same time, he noted, Africa still faces various security challenges in piracy, poaching and other drug and human trafficking criminal networks which underlined the links between security, governance and conservation of wild life.

President Sassou Nguesso pointed out that terrorism, drug trafficking and piracy were the main security challenges to Africa, which in other respects was undergoing rapid and dynamic development with one third of its population becoming a vibrant middle class. He underlined that the key concepts for current security challenges were embodied in the Abuja Non-Aggression and Common Defense Pact, adding that these required effective tackling of developmental issues to reduce poverty and ensure rapid economic growth in tandem with respect for human rights and the upholding of the rule of law, thereby affirming the nexus between development and security. President Compaore focused on building a win-win partnership between Africa and the EU to tackle current security challenges which, he said, were largely Trans-Boundary in nature. Citing Burkina Faso's involvement in the resolution of crises in Niger, Mali and other countries he stressed the EU's support for Africa's proactive mediation efforts. President Compaore also urged respect for the sanctity of borders according to the 1964 OAU decisions and the need to develop the culture of resorting to mediation of border disputes.

Foreign Minister, Dr Tedros, underlined the links between the conservation of natural resources and security, environmental protection and economic growth. He said environmental works were vital not only to the conservation of wildlife, soil and water but also to the development of economies. He highlighted the fact that funds acquired from illegal operations like poaching were used for terrorism. The security dimension of wildlife protection should not be ignored, he said. Referring to the recent conference in London on the illegal wildlife trade, he emphasized the importance of the partnership between the EU and Africa for wildlife protection and noted that this issue must be seen within the framework of security challenges. Dr Tedros commended the EU report on wildlife conservation, which focuses on capacity building to combat illegal trade as well as prioritizing

and categorizing species selected for protection. The debate also discussed the transparency of extractive industries and the management of natural resources in connection with the EU-Africa partnership.

Dr Tedros holds bilateral talks in Brussels.....

Foreign minister Dr Tedros met with Mr Abdurrahman Dualeh Beileh, Foreign Minister of Somalia, on the margins of the Summit on Monday (March 31) in Brussels. Foreign Beileh thanked Ethiopia for its unwavering support in bringing peace and stability to Somalia and said that the Ethiopian troops in AMISOM were doing tremendous work in Sectors three and four, in liberating these areas from Al-Shabaab forces. He said “the operations which started in March with the aim of liberating areas under control of Al-Shabaab are going as scheduled with the fall of more towns before the start of the rainy season.” At the same time he underlined the need to coordinate the activities of the different units of AMISOM to deny Al-Shabaab any breathing space that might allow it to attempt to re-group its forces.

Dr Tedros reiterated Ethiopia's firm stance in supporting Somalia's Federal Government in its effort to improve security and rebuild institutions in liberated areas. He agreed on the importance of the coordination of AMISOM military operations as the last IGAD Summit in Addis Ababa had also stressed. Dr Tedros pointed out the need to cater for humanitarian issues in the newly liberated areas. He also highlighted the imperative need for closer cooperation between the two countries in the areas of trade and economic ties. He stressed they should be working expeditiously on a roadmap to chart a framework to develop joint infrastructure projects as he had discussed with Somali Prime Minister Abdiweli Sheikh Ahmed at the last IGAD summit. Dr Tedros said a roadmap would enable the two countries to further develop joint projects to bolster economic ties and in particular, prioritizing infrastructure development.

Foreign Minister Beileh reaffirmed his government's readiness to work on the roadmap and further development of joint projects, agreeing that **joint infrastructure development could unleash the potential for the mutual growth of both countries**. He said “our two countries need to physically connect”, to realize the integration of the two countries and of the Horn of Africa sub-region as a whole. The discussion on the roadmap also included the problems of soliciting funds and technical assistance. In regard to technical assistance, Dr Tedros assured Mr Beileh that Ethiopia was ready to support the Somali Federal Government's development of Somalia; their discussion covered preparation of a business forum for Somalia to be held in Addis Ababa.

On Tuesday, Dr Tedros met with Mr Gonzalo De Benito De Escades, State Secretary for Foreign Affairs of Spain and underlined the paramount importance of anchoring the robust and historic ties between Ethiopia and Spain in trade and investment and in economic cooperation in general. Underlining that Ethiopia is one of the fastest growing economies in the world, he invited Spanish investors to take part in such sectors as its growing manufacturing, tourism and hospitality industries, as well as the areas of leather and textiles, which are being given priority in the Growth and Transformation Plan. Mr De Escades noted that Spanish companies, with large capacity and great experience in health, high-speed railway development, infrastructure and hospitality areas were venturing into overseas markets, and this created an opportunity to expand investment in Ethiopia. He said that Spanish companies regarded Ethiopia's investment regime as stable and reliable, which was another reason for encouraging investment in Ethiopia.

The two ministers also exchanged views on regional matters and Dr Tedros explained the numerous benefits of the GERD project for Ethiopia and for the downstream countries, including lower evaporation, drought mitigation, reduction of siltation, increased clean power generation and **its concomitant role in promoting regional integration**. He also reiterated Ethiopia's position that the construction of the GERD was based on the expected advantages of Ethiopia in power generation and meeting growing energy demands. He said any differences over the GERD could only be resolved through dialogue, no other way was possible as far as the dam was concerned. He also regretfully underlined Eritrea's continuing efforts at destabilization within the sub-region and, as a result, the continuing need to fully implement the sanctions imposed by the UN.

.....and visits KU Lueven and Group T Universities in Lueven

In Belgium, Foreign Minister Dr Tedros paid a visit to Group T and the KU Leuven Universities in Lueven, Belgium. He met Professor Johan De Graeve, President of the Group T universities, which started cooperation with Ethiopian universities in 2009 when a Memorandum of Association was signed with the Ministry of Education. Group T has been working with the Universities of Aksum, Wello, Wellega and Dire Dawa. According to President De Graeve, the central element of the partnership is training of lecturers in science and technology particularly in engineering, enterprise and logistics management. Professor De Graeve said that Group T training was helping the newly established universities in capacity building. It had also launched joint research projects with these universities with a view to developing research capabilities.

Dr Tedros expressed his appreciation for the support provided by Group T to Ethiopia. He said the most important aspect of the partnership lay in the fact that it was based firmly on the priorities of Ethiopia's own education policies. He noted that Ethiopia's policy of placement stresses engineering and natural sciences (70%) with 30% for social sciences and said it was praiseworthy that Group T has accommodated itself to this. Dr Tedros said that achieving the goals of the country's Growth and Transformation Plan demanded qualified professionals in engineering and natural sciences. This made the support from Group T particularly valuable, he said. Group T has proposed a review of the impact of the partnership on the development of Ethiopian Universities and Dr Tedros underlined the importance of making the assessment jointly to get a full picture of the partnership.

Dr Tedros also met Professor Rik Torfs, Rector of KU Lueven University, one of the oldest and best universities in Belgium. It is known for training Ethiopian students in bio-engineering and agri-sciences. Ethiopia is one of five countries with which the University has chosen to forge partnerships. Dr Tedros noted that investing in the capacity of university lecturers could have a big impact on the overall development of the nation. He commended KU Lueven's efforts in that regard. He also underlined the importance of expanding the role of the partnership in further increasing enrollment of students. He underlined the value of exploring new ways of partnership in such areas sharing expertise knowledge, video lecturing and access to E-Library facilities. KU Lueven has given scholarships to over a 110 Ethiopians students since 2007-2008.

During his visit to KU Lueven Dr Tedros also spoke to Ethiopian students at the University. He gave more than forty students a briefing on economic, political and social matters, emphasizing that the growth trajectory of Ethiopia's [economy] remained positive with an average growth of 9.7% and a drop in the inflation rate to single digits, indicating that the macro economy remained stable. He said the development of the ten sugar and the fertilizer factory projects were developing within the goals and time-frame of the Growth and Transformation Plan, as were the construction of roads, and developments in fiber optics, telecom infrastructure and energy development. He pointed out the GERD's impact on realizing regional integration through power generation, adding that "Ethiopia believes that its development cannot be achieved in isolation." This is supplemented by the country's strong view that partnership and robust economic integration contribute to the peace and stability of the entire region. Dr Tedros reiterated Ethiopia's firm position that equitable and reasonable utilization of the Nile waters was the only way the waters of the river can serve the interest of all the riparian countries. He said any attempt to obstruct the GERD was bound to fail as the project was a flagship project fully financed by the people and the Government of Ethiopia. Dr Tedros answered questions on the Government's efforts to reverse the threat of illegal migration through the national committee set up to coordinate the campaign, explaining the need to change attitudes and show that "people can make a livelihood through opportunities at home."

Third anniversary of the inauguration of the Grand Ethiopian Renaissance Dam...

The third anniversary of the inauguration of the Grand Ethiopian Renaissance Dam (GERD) project was celebrated colorfully throughout Ethiopia and by Ethiopian communities abroad. The celebrations inside the country included a number of events both at the site of the construction of the Dam and elsewhere in the country. They included an art exhibition at the National Museum, a musical drama at Addis Ababa University and various sport competitions. Senior government officials attended a commemoration at the site of the Dam on April 2, the date on which the late Prime Minister, Meles Zenawi, laid the foundation stone for the GERD.

The Office of National Council for the Coordination of Public Participation in the Construction of the Grand Renaissance Dam and Addis Ababa University jointly organized a musical celebration of the Dam last week. A musical drama entitled “the Dawn” or in Amharic “Goh Siked” was presented and a number of poems read. The Director General of the Office of the National Council, Bereket Simon, said the GERD had already constituted itself as a new ambassador in building the positive image of Ethiopia. He said all Ethiopians should play their part in working for the realization of the project which, he emphasized, had been launched with the aim of eradicating poverty from Ethiopia. He underlined that those involved in art and culture had an important and significant role in helping to sensitize the international community and other riparian countries about the advantages and benefits of the Dam. The President of Addis Ababa University, Dr Admasu Tsegaye, said that the University had been organizing a number of musical and cultural activities with reference to the Nile River, GERD and other issues, which would contribute to creating common understanding and encourage the public to realize the value and importance of the Dam’s construction. He said the University would strengthen its effort to provide the right information to the diplomatic community by organizing symposia in collaboration with neighboring countries, as it had done recently in Khartoum.

On Saturday last week (March 29) a sports event was organized at Addis Ababa stadium with various competitions and displays to mark the event. Deputy Prime Minister, Demeke Mekonnen, told the crowd that the concerted efforts underway to realize the GERD, a major element in the push towards creating a prosperous Ethiopia, had far reaching significance. Noting that the feeling of renaissance and enthusiasm had been ignited in areas of endeavor in the country, he stressed that extending forms of support to the realization of the Dam project was a national duty. He said millions of people in the capital and across the country were rolling up their sleeves to work for development to bring an end to poverty. Quoting the former Prime Minister, Meles Zenawi, Deputy Prime Minister Demeke said: “The cornerstone that heralded the beginning of the construction of the Renaissance Dam has shattered the spirit of 'It is impossible!' and replaced it with 'It is possible!' The cornerstone is a historic laurel wreath to reclaim our former grace.”

The Deputy Prime Minister indicated that this and other exemplary efforts by Ethiopia were making the country a lighthouse of development for the continent, just as it had once been a beacon of independence for the freedom fighters of Africa. He said that what made this year’s anniversary different was that popular support was picking up steam and he called upon sportsmen, members of the business community, soldiers, teachers, workers, farmers and all segments of the society to become active participants in the country’s renaissance: “to write history with a golden color”. He said: “all Ethiopians must play an ambassadorial role in making clear the significance of the Dam and that it is being built in a win-win spirit by peaceful Ethiopia.”

April 2, the date the late Premier Meles laid the cornerstone of the Dam, was commemorated in the presence of high government officials at the site of construction in the Guba District, of Benishangul Gumuz Regional State, with the motto “We Began to Finalize it”. In her opening remarks, the Ethiopian Electric Power Manager Engineer, Ms Azeb Asnake, said the Government of Ethiopia had given attention to a major hydropower project with the Grand Ethiopian Renaissance Dam. She said the construction of the Dam was proceeding according to schedule, and that 30% of the hydro-mechanical and electro-mechanical activities had been completed. A representative of the Salini Construction Group, expressing his appreciation of the inspiring spirit everyone involved demonstrated, said everybody should continue to work hard for the success of the construction. He said the last three years had been a time of “rich achievement and the progress was visible and significant.”

Water, Irrigation and Energy Minister, Mr Alemayehu Tegeneu, a Member of the National GERD Public Contribution Council, pointed out that the Dam was one of several massive projects designed to lift the country out of poverty and to enable it to move forward towards development and prosperity. He emphasized that Ethiopia was committed to continuing talks with Egypt in order to narrow their differences and added that Ethiopia would continue to work to ensure win-win benefits to all countries in the Nile Basin. The keynote speaker, Deputy Prime Minister Demeke Mekonnen, said the GERD has brought an end to injustices in the use of the Nile Waters, adding that the Dam was one of the cornerstones for the Renaissance of Ethiopia and that the people of Ethiopia should continue to demonstrate their irreplaceable commitment to its completion. The Deputy Prime Minister recalled that the International Panel of Experts had made clear that the level of construction and the materials used fully met international standards. He described the Dam as “a foundation

stone of the Renaissance journey of the country”, and emphasized that the massive support from the public made this “a golden and historic example.”

Three years have elapsed since the cornerstone was laid and the construction is proceeding according to plan and on schedule. This is because of the unprecedented popular and public support the Dam has received. **The first generation of power from the project, 700mw, is now expected by the end of the year.** The GERD is a ground-breaking project that reflects the determination of both the Government and the people of Ethiopia to utilize the Nile waters on the basis of the principle of equitable utilization. From the outset, Ethiopians actively involved in the construction of the Dam have been inspired by the knowledge that the GERD has been deliberately and carefully designed to avoid any damage to lower riparian countries, and indeed, had rather been **planned to afford every benefit for regional growth.** This was one major reason why Ethiopians have given unprecedented political and practical backing in an exceptional manner to support construction of the Dam. Citizens have pledged themselves as the backbone of the project during its construction, and have demonstrated a firm stand in defense of their country’s right to use the Nile waters in accordance with accepted norms of international law; and public financial support has been exceptionally encouraging with so far pledges of 11.7 billion birr towards the cost.

.... Dr Tedros details the benefits of the GERD and the need for cooperation

Foreign Minister, Dr Tedros, underlining the Government’s policy of fostering dialogue to create understanding and dispel ignorance about Nile Basin developments and the Grand Ethiopian Renaissance Dam (GERD), has written an article for **Global Dialogue Review**, a bi-monthly magazine published in New Delhi. Dr Tedros takes a brief look at the background the construction of the GERD, at the historically one-sided utilization of the Nile, the out-dated colonial-era agreements which have no international legal basis, and the decade-long negotiation process among the Nile Basin countries that finally led to the adoption of the Cooperative Framework Agreement. He also details the premises of the Ethiopian government for building the GERD, the benefits that the dam will bring to downstream countries and Ethiopia’s policies on the Nile Basin.

Dr Tedros points out that the colonial-era agreements on the Nile waters that awarded Egypt and Sudan total rights to exploit the Nile River were both absurd and utterly unjustifiable. The three agreements (of 1906 between France, Italy, and Britain; of 1929 between Britain and Egypt; and of 1959 between Sudan and Egypt) did not involve Ethiopia in any capacity and Ethiopia had subsequently repudiated each and every one of these ‘agreements’. The Minister wrote: “Indeed, [Ethiopia] consistently opposed [all] colonial-era attempts to divide usage of the waters of the Nile between Sudan and Egypt, sending in 1959, for example, a highly critical aide memoire on the subject to all diplomatic missions in Cairo.”

The article goes on to explain the massive environmental, ecological, economic and demographic pressures that threaten the Nile Basin countries, including Sudan and Egypt. It mentions the threats that land degradation poses to the livelihoods of numerous agrarian communities in Ethiopia and the frequent damage that sedimentation is causing in Egypt and Sudan by way of the rapid depletion of soil fertility and huge costs regularly needed to clean out reservoirs and dams and water courses. The article warns that “the most probable projected climate changes for the Nile Basin indicate that there will be temperature rises of between 2 and 4 [degrees] centigrade. Rainfall patterns are likely to become increasingly uncertain.” Dr Tedros cites these and other reasons as fundamental “push factors” for the establishment of the Nile Basin Initiative (NBI) in 1999 by all the Nile Basin countries in order to “achieve sustainable economic development through the equitable use of and benefit from the Nile Basin’s water resources.”

In spite of what the article describes as Egypt’s relentless efforts to stymie and block developments on Basin-wide negotiations, there is no doubt that the Nile Basin Initiative, which was instrumental in the adoption of the Cooperative Framework Agreement in 2010 and 2011, has significantly contributed to basin-wide cooperation and “built capacity for basin-wide water resources management”. Following the signing of the CFA by its member states, Ethiopia announced its intention of building the Grand Ethiopian Renaissance Dam (GERD), a project which would be exclusively dedicated to the generation of hydro-electric power for both domestic and regional consumption. Its 6,000mw generating capacity is expected to herald a new round of economic development in the region. Describing the policy objectives of the dam, Dr Tedros writes that “the late Prime

Minister, Meles Zenawi, stressed that Ethiopia's "intention to exercise our rights to use our own rivers is in order to fight poverty." [The late PM] pointed out that among the concerns factored into the project was avoidance of any negative consequences for our neighbors".

Indeed, in order to assuage possible concerns of the downstream countries and as a gesture of its belief in cooperation, Ethiopia took, on its own initiative, the hitherto unprecedented move to establish "the Tripartite Committee, the International Panel of Experts (IPoE), composed of equal numbers of Ethiopian, Egyptian and Sudanese experts, supplemented by international specialists, [in order] to assess the impact, if any, of the dam on Egypt and Sudan." Dr Tedros points out that the IPOE's final report indicated that the GERD was on a par with international design criteria and standards, codes and guidelines and that the Dam would not cause any harm to the two downstream countries, Sudan and Egypt. In addition, he emphasized, Ethiopia has "agreed to all the recommendations of the Panel's report and has already started to implement them." Dr Tedros adds "it was in a similar vein that Ethiopia had earlier postponed by a year the ratification of the new Cooperative Framework Agreement in response to Egypt's request for time to consider the agreement after the demise of the Mubarak government."

Dr Tedros makes it clear that the Ethiopian government has been consistent and scientific in its view of the GERD as a valuable instrument for future cooperation and collaboration among the whole riparian community and among all riparian states, and indeed beyond. Ethiopia has repeatedly not only given full assurances that the Dam would not cause any harm to downstream countries, but it has also made it clear that the GERD will be highly beneficial to all the riparian countries, most importantly to Sudan and Egypt. Citing the IPOE report, Dr Tedros says the GERD "will generate substantial benefits for Sudan and Egypt, including enhanced capacity to moderate the adverse impact of climate change." The Dam will also contribute largely in terms of the provision of significant amount of clean and renewable energy to "the regional East and North Africa power pools as part of the continental plans to integrate African energy sources and distribution as an inter-connected system."

The GERD will also have major effects on downstream countries by substantially reducing silt and sedimentation which will alleviate the huge current burden on downstream dams and reservoirs and avoid the enormous annual cost for cleaning and dredging canals on downstream countries. Dr Tedros summarizes that the benefits of the dam will "regulate the flow to provide expansion of irrigated lands; extend periods of navigation; significantly reduce losses from infiltration and evaporation; provide water saving and enhanced water management." Studies have indicated that the GERD alone will contribute over 6 billion cubic meters of water to the Nile Basin water flow, through the advantages it provides for water-saving capabilities. Another crucial impact of the Dam's regulated water flow will be in reducing harvest losses that frequently occur due to water shortage or to flooding in downstream agrarian developments.

These various benefits of the GERD have been welcomed by the basin countries, including Sudan. The single exception has been Egypt which remains adamant in its refusal to see the clear, objective and hard scientific facts. The Ethiopian government, however, while steadfastly maintaining the current momentum around the building of the GERD, still believes in dialogue as the only proper and civilized way to create understanding and trust. This is fully in line with the Ethiopian government and peoples' firm belief in mutual prosperity and development for neighbors and the wider region. Minister Tedros notes in the article that "Ethiopia is fully aware that its future is intertwined with that of her neighbors...[and] Egypt.... That is why Ethiopia has made a strategic and conscious decision to concentrate on constructive relationships... Our foreign policy is drawn up on the basis of enlightened self-interest and peaceful coexistence, based on mutual respect and mutual benefit for all."

Accentuating the foundation of Ethiopia's foreign policy, Dr Tedros added further: "the fundamental principle underlying Ethiopia's Nile Basin Initiative and the Cooperative Framework Agreement, [is] for this to provide equitable and reasonable utilization of water resources and sustainable and mutual benefits for all the riparian states." The need for cooperation, mutual understanding and shared development is undeniable. In the face of a fragile environmental and ecological system, population growth and economic imperatives virtually dictate the necessity for an inclusive and cooperative way of pursuing national interests. The old winner-takes-all mentality is quite simply untenable. As Dr Tedros underlines the point: "the conclusion is inescapable: there is a

very clear necessity for cooperation and collaboration. Indeed, this is essential if we are to develop and reduce vulnerability to climate change.”

The same issue of the Global Dialogue Review also features an article by Nabil Fahmy, Egypt’s Minister of Foreign Affairs, entitled ‘Ethiopia’s dam is a major risk for Egypt’s water security’. Minister Fahmy rightly points to Ethiopia’s commendable unilateral initiative to set up the IPOE but goes on to complain that, despite this, the construction of the GERD “never stopped during the 18 months of the functioning of the panel.” This was hardly a surprise as the Terms of Reference signed between Ethiopia, Sudan and Egypt to establish the IPOE clearly and unequivocally stated that “construction of the Dam will not be halted” during the Panel’s functioning.

Mr Fahmy also raised the issues of the recommendations of the IPOE and Egypt’s suggestion of establishment of a new international committee to implement the recommendations. He appears to suggest that Ethiopia did not adequately carry out necessary studies prior to the commencement of the GERD construction and this contributed to the failure to establish this committee. This is a strange and even alarming misinterpretation of the facts. The IPOE’s recommendations for further studies of the environmental and social-economic impacts of the Dam were immediately and completely accepted by Ethiopia. In fact, some of the recommendations were already in the process of being implemented as part of the project. In keeping with Ethiopia’s repeated commitment to building trust among the riparian countries, the government agreed to conduct these studies under the auspices of a Tripartite Committee of nationals of the three member countries. Sudan shared Ethiopia’s position that there was no need for another panel of international experts and that a tripartite national committee would be sufficient.

Mr Fahmy alleges that Ethiopia has been unwilling to recognize “the need to provide the Egyptian people with material guarantees and assurances regarding [the Nile]”. This might give cause to wonder whether the Egyptian government looks at events and facts in the same way as other nations. Ethiopia has repeatedly offered assurances about GERD’s construction and operation. Its unprecedented unilateral proposal to set up the International Panel of Experts to scientifically examine the GERD’s impact on Sudan and Egypt and to provide transparent information sharing mechanisms are the most important demonstrations that Ethiopia does in fact take Egypt’s concerns into consideration. This is underlined by the fact that there is no legal obligation on Ethiopia to do this. The fact is that the Egyptian government consistently chooses to politicize what is essentially a scientific and technical issue even though a team of experts, including Egyptian members designated by Egypt’s government, unequivocally endorsed the GERD as beneficial to Egypt and establishes that the Dam will not cause significant harm to the downstream countries. It must give rise to a suspicion that the Egyptian government is trying to utilize the GERD for its own internal political purposes.

One final point, however, on which the Ethiopian government would agree with Mr Fahmy is when he suggests that the only constructive way forward is one based on mutual accommodation and mutual benefits. That, indeed, has been the position advocated by Ethiopia for decades. In fact, the Ethiopian government has persistently followed this path in order to provide a win-win outcome. The Ethiopian government and people remain firmly hopeful that the Egyptian government will eventually pay the ideas of “mutual accommodation and mutual benefits” more than lip service.

South Sudan: Peace talks continue while fears of a major humanitarian crisis grow

The Second Session of Phase II of the South Sudan Peace Process continued this week in Addis Ababa to try to find a political solution to end the on-going crisis. Both the representatives of the Republic of South Sudan Government and the SPLM/A-in-Opposition discussed various issues including political dialogue, national reconciliation and healing aimed at averting the continuing violence and its impact on civilian populations. The IGAD Special Envoys were in consultation with negotiators of the two conflicting Parties. The Second Session of IGAD-led peace talks opened on Tuesday (March 25) with the aim of ending the on-going conflict and finding a lasting political solution to the crisis through a holistic, comprehensive and inclusive political dialogue towards national reconciliation and healing.

While the peace talks continue, UN Secretary-General Ban ki-Moon met with a delegation of the Government of South Sudan headed by Guol Riak, Minister in the Office of the President, and Barnaba Marial Benjamin, Minister of Foreign Affairs and International Cooperation, on Tuesday (April 1) at the EU-Africa Summit in Brussels. The UN Secretary-General underscored the willingness of the United Nations to support all efforts to end continuing fighting. He emphasized that the UN was committed to advancing the hopes and aspirations of the people of South Sudan in promoting peace, stability, human rights, accountability along with national reconciliation and healing. He expressed his concern at the general situation of continuing fighting and its consequences for the civilian populations. He recommended the critical importance of avoiding threats, unfavorable conditions and harassments against UN personnel. The South Sudan delegation handed Ban ki-Moon a letter from the Government of South Sudan, which outlined the Government's commitment to working with the United Nations Mission (UNMISS) and the UN Special Representative to South Sudan, Ms Hilde Johnson. The Secretary General thanked the Government for its determination to coordinate and collaborate in all efforts in pursuit of a peaceful political solution to the crisis.

According to the estimates of the UN Office for the Coordination of Humanitarian Affairs, the conflict between the warring parties has now forced more than one million people to flee their homes, with over 803,000 displaced within the country and 254,600 seeking refuge in neighboring countries since December 15 last year. Humanitarian partners and relief agencies are calling for urgent funds to prevent "dire humanitarian consequences". The UN Humanitarian Coordinator for South Sudan, Toby Lanzer, noted on Tuesday in Juba, that if funding did not continue, humanitarian organizations would be unable to avoid "a catastrophic decline in food security for millions of people at risk later in the year". He said that despite the difficult situation, relief agencies were still increasing enhanced and sustained humanitarian support to avert the humanitarian crisis. He urged the negotiators of the Republic of South Sudan and SPLM/A-in-Opposition in Addis Ababa to comply with and implement a Cessation of Hostilities Agreement in the country. He called for donors to provide funds in order to prevent "an even greater tragedy from unfolding in early 2015."

It is estimated that 1 million people in South Sudan are also being provided with humanitarian support including food supplies, household items, water and sanitation support as well as other services. It is also estimated that overall in the country some 4.9 million people are in need of urgent humanitarian assistance. Relief agencies and international humanitarian partners have encountered challenges in their efforts to provide humanitarian support for conflict-affected civilians. Problems for these include: overcrowding in displacement sites, lack of resources, lack of space to set up emergency services, increased insecurity, market fragmentation, food and fuel price inflation, increased checkpoints for aid convoys in various regions, limited air and road access, delays in the relocation of displaced people, and lack of funding and support as well as the threat posed by the upcoming rainy season. Aid agencies have deployed an Area Rapid Response Mechanism to deliver humanitarian assistance in inaccessible areas and those most highly affected by the on-going conflict, including Akobo in Jonglei State, Melut in Upper Nile, and Nyal in Unity State. The aim is to increase humanitarian and logistical support as well as deliver rapid response to inaccessible remote areas.

Ertharin Cousin, Executive Director of the World Food Program, and António Guterres, the UN High Commissioner for Refugees jointly met on March 31 with some of the conflict-affected people to assess continuing humanitarian response and needs. They expressed their concern at the on-going violence and its impact on the civilian population in South Sudan. The two Agency heads pointed out that the continuing violence and shifting conflict lines had made humanitarian assistance difficult for internally displaced and conflict-affected people. They noted that the on-going violence had prevented farming, disrupted markets and trade routes, as well as displacing hundreds of thousands. This, they added, put refugees at high risk of food insecurity. Ms Cousin stated that many people were already in "acute" need of food, shelter, vaccines, healthcare and other aid. She added that many countries had provided humanitarian support but she said the aid agencies could not sufficiently address the needs of the civilians affected by the conflict. Aid agencies headed by the UNHCR had called for over US\$370 million to deliver humanitarian services to refugees residing in Ethiopia, Kenya, Republic of Sudan and Uganda. In addition, humanitarian organizations urgently needed more than US\$42 million for shelter and other non-food items in South Sudan.

Western envoys to South Sudan on Friday (March 28) condemned both Government and SPLM/A-in-Opposition forces for obstructing the United Nations Mission in South Sudan (UNMISS) and for threatening its personnel.

The envoys, including the ambassadors of the US, UK, Norway, France, Germany, the Netherlands, Spain, Sweden, Switzerland, Canada and the European Union, pledged they would continue to support continuing humanitarian assistance and UNMISS relief efforts in South Sudan. In a joint statement, they urged all warring parties to publicly condemn any actions that were inimical to the mission, to the UN Special Representative Johnson and any UNMISS personnel. The statement denounced the Government's continuing violation of the UN Status of Forces Agreement "including restriction of movement, harassment, and detention of personnel, and seizure of UN property and supplies." They also emphasized that any further attacks and obstruction of UN personnel and facilities were "unacceptable and may constitute violations of international law."

The envoys denounced the on-going violations of human rights and violations of international humanitarian law including deaths, displacements inside the country and refugee crises in neighboring nations. They expressed their concern over the "dire humanitarian situation", suggesting that all conflicting parties should help humanitarian and relief organizations and provide unimpeded and secure passage to deliver humanitarian support to citizens in need of basic services. They further stressed that all conflicting parties should participate in the on-going IGAD-led negotiations to resolve the crisis. They additionally expressed their concern over the continuing violations of the Cessation of Hostilities Agreement by all parties, and insisted that all parties must promptly respect the Agreement and continue cooperation with the implementation of IGAD monitoring and verification efforts.

Textile development in Ethiopia is impressive

Ethiopia's public sector-led development trajectory has been making headlines recently and although its strategy has both critics and proponents, few would dispute the impressive levels of broad-based economic growth, the enormous reduction in poverty and the significant increase in access to basic services. The substantial gains in health, education, employment, food security and other social and economic development indicators have made the country one of the handful countries on track to achieve **almost all** the Millennium Development Goals. These measurable results, coupled with macro-economic and political stability together with prudent fiscal policies, have led observers to point to Ethiopia as a powerful example of Africa's inevitable emergence on the world stage.

Anchoring the latest round of achievement and setting the stage for what can be termed one of the most important economic developments on the continent is Ethiopia's five-year Growth and Transformation Plan. As the descriptive name indicates, the Plan quite simply aims to effect the transformation of the country's economy from its historic agrarian base into an economy largely driven by manufacturing. The Plan envisages the logical continuity of massive increases in agricultural productivity and leans towards investment in industrial sectors that have direct production links with primary agricultural products. As a result, both domestic and foreign investors have started to regard Ethiopia's manufacturing potential in multiple sectors with increased attention. The textile sub-sector in particular has been causing considerable interest to key global textile players.

Textiles have a rich history in Ethiopia stretching back thousands of years, but industrial-scale production dates back less than a century, and until a decade ago it remained highly uncompetitive and limited to a small portion of the domestic market. Following the launch of the Growth and Transformation Plan, however, the sector started to undergo fundamental structural change. By some estimates it is set to make Ethiopia an important hub for the industry. In sharp contrast to its lukewarm performance a decade ago, the industry is now showing promising export revenue, of nearly US\$100 million in the last Ethiopian fiscal year, and more than US\$75 million in the first eight months of this year.

This recent high-flying performance of the textile and garment sector is also a result of continuous improvement in the production capabilities of domestic textile, garment, knitting and weaving firms; more importantly, there has also been the performance of foreign firms which have recently entered the industry. The government's initial efforts to attract foreign investment into the sector have been successful, not only in establishing a first round of established international textile and garment firms, but also providing a strong demonstration effect, placing the country as an emerging textile powerhouse on the global industry map. There are a number of reasons to explain the choice of Ethiopia as an investment destination for international textile

and garment companies, but the most relevant are its comparative advantages in terms of production factors and the policies put in place by the Ethiopian government.

As one of the Least Developed Countries, Ethiopia enjoys preferential access to most of the lucrative markets in the world. These privileges, most notably under U.S.A's African Growth Opportunity Act (AGOA) and the EU's Everything But Arms (EBA), give manufacturers in Ethiopia quota-free and tariff-free access to the well-established markets in North America and Europe. In addition to these preferential market access arrangements, Ethiopia also has a number of bilateral and multilateral agreements providing for easy access to a number of other markets which assist in the country's comparative competitiveness. In addition, its geographic location and its proximity both to Europe and the growing Middle and Near East markets make it an ideal location for a manufacturing base.

Another important factor in the country's growing status as an emerging textile and garment manufacturing hub is its huge potential in cotton production. The valuable experience gained in the agricultural sector prior to the Plan period and the vast areas of irrigable land fit for cotton production as well as the excellent quality of its cotton and the government's large-scale irrigation projects, all combine to make Ethiopia an ideal choice for investment in textile and garment production. With the completion of a number of major irrigation projects now in their final stages, the country is set [to] increase its cotton growing area from approximately 40,000 hectares to nearly three million hectares by the end of the Plan period in 2015.

Another factor working in favor of Ethiopia's position as a textile and garment industry center is its large population size and the large size of its young and trainable workforce. Ethiopia has a population demographic that is already one of the youngest in the world with the under-24 population accounting for nearly 65% of the total. This demographic spread favors investment in labor-intensive manufacturing sectors such as textiles, and it is likely to continue for the coming decades. Closely associated with this abundant labor force is Ethiopia's wage structure, one of the lowest in the world. It is only ten years since the country began to kick-start its long dormant economy and it has a long way to go before seeing the low-end wages rise to the levels of most African countries, let alone other areas. This will allow the country to retain a strong comparative advantage in light manufacturing for many years to come.

Ethiopia's textile and garment sector, which according to the American Apparel and Fashion Association is poised to show the most significant advancement in Africa over the next decade, cannot be seen in isolation from global economic and manufacturing trends. The textile industry, as one of the most globally integrated industries in manufacturing, has been affected by recent economic changes and shifts in Asia, particularly in China. With Chinese wages rising above the level that manufacturers consider necessary to maintain their competitiveness in the global market, investors are increasingly looking for new investment destinations to provide a more attractive return on their investments. It is in this context that Ethiopia with its government incentives, abundant land, substantial labor resources and relatively low wages has come to represent the new frontier for the textile and garment sector. The political commitment to foster a strong textile industry with all the necessary inputs in the value chain has also led the Government to provide obligatory tax breaks, easy credit facilities and also technical support.

As part of its focus and commitment to the development of the textile and garment industry, the Government early established the Ethiopian Textile Industry Development Institute (ETIDI) to provide support to the industry. The Institute has been working to develop human capacity through extensive training across various stages of the industry's value chain. ETIDI's recent agreement with the National Institute of Fashion Technology of India is expected to contribute significantly to development of knowledge and efficiency in the industry. In addition, ETIDI's mandate in providing technical, marketing and research and development support to the industry has been repeatedly cited as one of the major reasons for the relative success in attracting the interests of international players. Among the major players now becoming involved in operations in Ethiopia are textile giants like Ayka and Etur Textiles of Turkey, fashion conglomerates such as Primark of Ireland and Hennes & Mauritz of Sweden as well as other foreign firms. Celio International of Belgium and Britain's Tesco appear set to follow suit.

Overall, the Ethiopian textile sector has attracted considerable investment from Korean, Indian, Saudi Arabian and Turkish firms. And with the government's focus on the industry as a national economic growth priority sector, investment is expected to increase dramatically in the coming few years. Also expected soon is the relocation of fifty textile factories from Turkey alone to a Textile Industrial Park. The sector has been showing a most impressive development overall and all indications are that it will continue.