

1 Economic Interdependence as a Driving Force for Peace and 2 Security Cooperation: Ethio-Djibouti Relations

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7 **Abstract**

8 Ethiopia and Djibouti established an amicable relations since very long time ago, especially on
9 economic areas. Port and railway were the main connecting factors for the two states in
10 exercising economic relations. Nowadays, however, different new developments like electricity
11 export, infrastructural linkages and social as well as political relations are further intensifying
12 the two countries' relations. At the top of that, the prevailing strong economic
13 interdependence spilled over to peace and security cooperation. Accordingly, they are jointly
14 working on the peace and security of the two countries and the Horn of Africa at large.

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16 **Index terms**— djibouti, economic interdependence, ethiopia, security cooperation.

17 **I.**

18 The Genesis of Ethio-Djibouti Relations jibouti is a small and poor country situated in the Horn of Africa.
19 Djibouti has few natural resources with desert climate condition and contingent up on import for almost all
20 its food (Islamic Development Bank, 2013). The country is located in a strategic area at the entry to the Red
21 Sea. Djibouti was under colonial rule of France from 1862 to 27 June 1977. Hence, Ethio-Djibouti relations
22 up until 1977 signify Ethiopian relations with Djibouti's colonizer, France. Putting it differently, it was after
23 that historical juncture Djibouti has become independent state and made relations with Ethiopia independently.
24 The longstanding relations of the two countries can also be manifested in terms of demographic makeup of their
25 populations. Demographically, Ethiopia and Djibouti share people with same culture and language. Ethnically,
26 Djibouti consists of Issa and Afar ethnic groups. The Issa groups originated from Somali whereas the Afars
27 were Ethiopian origin (Brass, 2007;Marks, 1974). The second largest ethnic group which constituted Djibouti's
28 population is Ethiopian origin which has special affinity to its Ethiopian counterpart (Schraeder, 1993). Thus, the
29 two countries are demographically interlinked and have historical relations. Above all, the backbone of these two
30 countries' relations has been economic in nature. Economic ties of the two countries expressed mainly in terms of
31 railway and port related activities. In Ethiopia, there has been an interest and endeavor to have strong economic
32 relations with Djibouti since the time of Djibouti's colonization by France (Foreign Affairs and National Security,
33 2002). Similarly, in that era of scrambling Africa, France was also insisting on making alliance with Ethiopia.
34 This was to get support from Ethiopia in occupying the upper Nile region through containing the expansion of
35 British spheres of influence from Sudan and Egypt into Somaliland (Marcus, 1994). The two countries reached
36 at an agreement in 1897 recognizing Djibouti as official outlet to Ethiopia and allowing duty-free transit of
37 weapons through Djibouti (*ibid*). Consequently, as part of his modernization zeal, Menelik authorized a French
38 company to build a railway that would link Ethiopia and Djibouti. The construction of the Franco-Ethiopian
39 Railway, which was began in 1897 and completed in 1917, marked Ethiopia's greatest technological achievement
40 of the period and became its principal gateway (Anyango, 1997; ??fcansky and Berry, 1991;Adejumobi, 2007).
41 Similarly, the railway connection also made Djibouti's economy highly dependent on Ethiopia and transformed
42 its pastoral society (Schraeder, 1993;Getachew, 2009). Hence, Ethiopia and Djibouti have been economically
43 interdependent since early on.

4 B) ELECTRICITY

44 By maintaining good relations with Djibouti, which is strategically important in the horn region, Ethiopia
45 could access the Port of Djibouti. The port was the only Ethiopia's outlet to the sea until the federation of
46 Eritrea with Ethiopia under the United Nations resolution in 1952 (Marks, 1974; ??NHCR, 2008). Even after
47 Eritrea's federation with Ethiopia, Djibouti's importance for Ethiopia remained intact. As a result of this fact,
48 Haile Selassie was highly insisting France to stay in Djibouti as its withdrawal may result in seizure of Djibouti
49 by Somalia, which was adverse to Ethiopia's national interest (Schwab, 1978). This was also because Ethiopia's
50 entire dependence on Assab and Massawa might be at stake in case Eritrean war becomes furious. Around
51 40-60 percent of Ethiopia's exports and imports had passed through Djibouti in the mid-1960s when Eritrean
52 insurgency intensified. This could make Djibouti's economy contingent on the Port of Djibouti's shipping and
53 the traffic of the Franco-Ethiopian railway (Marks, 1974). Hence, from this one can safely understand the fact
54 that Ethiopia and Djibouti have been economically interdependent and vital for each other's interest.

55 As a result of its importance, successive Ethiopian regimes strived to maintain good relations with Djibouti.
56 In other words, to secure the country's access to the sea the Imperial and Military regimes showed a strong
57 commitment in their respective foreign policies towards Djibouti. Imperial government provided due attention
58 for Ethiopia's access to the sea to the extent of claiming Djibouti as part of Ethiopia (Marks, 1974; Wiberg, 1979).
59 This policy towards Djibouti as regards outlet to the sea was adopted by the military junta too (Schwab, 1978).
60 Hence, it is safe to say that economic interest has been the most driving force behind Ethio-Djibouti relations.

61 Moreover, Djibouti and Ethiopia have established amicable relations since the down fall of the Derg regime.
62 The relations between the two countries have developed since the signing of a trade protocol in 1996 to the extent
63 of concluding a military cooperation protocol in 1999 so as to provide conducive environment to their economic
64 interaction (Berouk, 2008). Thus, as compared to the past successive regimes of Ethiopia, the current regime
65 has wide ranges of relations with Djibouti as it extends to political and security areas. Hence, the paper in
66 the following section deals with how economic interdependence of the two countries has become a driving force
67 for other areas of cooperation. To this end, it will examine the contemporary, notably the post-1991 economic
68 interdependence and the subsequent multidimensional relations with particular focus on security cooperation.

69 2 II. Contemporary Economic Relations

70 As hinted above, Ethio-Djibouti relations have further strengthened in the post-1991 period. Their relations
71 are boosted both in terms of intensity and dimensions. The 1998 Ethio-Eritrea war has diverted all the trade
72 Ethiopia passed through Eritrean ports to the Port of Djibouti and, thus, strengthened Ethio-Djibouti's economic,
73 political, and security relations. Besides this fact, the recent developments between the two countries, especially,
74 the hydropower export which started in 2011 as well as the underway rehabilitation of the railway and ongoing
75 constructions of roads have also played pivotal role in facilitating their relations, as will be discussed herein under.
76 For the sake of convenience, the paper identified port, electricity and infrastructural facilities as main areas of
77 cooperation and examined how they spilled over into peace and security cooperation.

78 3 a) Port

79 Ethiopia used to enjoy access to the Red Sea via Eritrea (Asseb and Massawa) and Djibouti until the outbreak
80 of Ethio-Eritrea War in 1998. Ethiopia used Asseb and Massawa as entry to the sea though Eritrea gets seceded
81 from Ethiopia leaving it a land-locked country in 1993. However, in 1998 border conflict was breakout between
82 Ethiopia and Eritrea which brought profound changes in the Ethio-Djibouti relations. As a result of the war,
83 Ethiopia's access to the Sea has been limited to Djibouti and, hence, increased both countries' interdependence.
84 In this regard, literatures affirmed that the Ethio-Eritrea conflict came as a driving force for the hastening of
85 Ethio-Djibouti relations (Berouk, 2008; Faye, et al. 2004; Lunn, 2008; Abbink, 1998). The diversion of Ethiopian
86 trade to Djibouti is a great opportunity for the latter's economic betterment. In other words, dramatic change
87 has been witnessed in Djibouti's economy in relation to its port service, which accounted for 80 % of the country's
88 economy in the year 2012. The import and export of Ethiopia's freights account for about 70% of the total traffic
89 through the port (Islamic Development Bank, 2013). Thus, Ethiopia is highly relied on using the Port of Djibouti
90 in its international trade and at the same time Djibouti is highly benefiting from this.

91 It is a well established fact that Ethiopia is the predominant user of Djibouti's port facilities. It is also in
92 need of further services in Djibouti. In response to this, the Government of Djibouti has been strongly working
93 to meet Ethiopian interest. This is clear from the assertion of Ethiopian Ministry of Foreign Affairs that "the
94 Government of Djibouti has been dedicated to the expansion and rehabilitation of port facilities, conventional
95 cargo and container capacity managed by Dubai Ports World (DPW) to provide adequate services to Ethiopia's
96 increased trade volume" (MoFA, 2014). This is a new development which shows how both countries are devoted
97 for mutual benefit from their economic integration. Currently, it is crystal clear that the two countries' economies
98 are strongly interwoven. Therefore, the port of Djibouti, as one area of cooperation, has a very significant role
99 in the consolidation of Ethio-Djibouti relations.

100 4 b) Electricity

101 As compared with other sources of power, hydropower has unique features of lowest operating costs, longest plant
102 life, environmental benefit, fast response, and minimal emissions (IEA, 2010);

103 **5 International Hydropower Association et al., 2000).**

104 Hydropower is the most common form of renewable energy which plays an important role in global power
105 generation covering more than 16% of global electricity production (IEA, 2010). Currently, above 25 countries
106 in the world are contingent up on hydropower for 90 % of their electricity supply and 12 countries are 100 %
107 dependent on hydro. Canada, China and the United States are the forerunners in their hydropower generation
108 capacity (ibid). Ethiopia has a good hydropower potential and is aggressively working on that to meet the
109 domestic demand as well as export to neighboring countries. Indeed, it has started exporting electricity to some
110 neighboring countries.

111 Producing electricity in Djibouti is, however, dependent on old and unreliable oil-fired generators, which are
112 expensive. As such, electricity costs have been a major obstacle to growth. As a result, to meet the overriding
113 energy demand, Djibouti has been developing its plan to promote regional economic integration (Styan, 2013).
114 Accordingly, the Ethiopia-Djibouti Power Interconnection Project, which is the first interconnection system in
115 the region, has been completed in 2011 and positively contributing for both Ethiopia and Djibouti's mutual
116 benefits (African Development Bank Group, 2013; IRENA, 2013). The Ethiopia-Djibouti Power Interconnection
117 intensified the two countries' already existed economic interdependence. Currently, Ethiopia is exporting 35 MW
118 electricity, per a month, for Djibouti charging it USD 70 per kWh. Accordingly, it has brought significant change
119 in terms of reducing electricity related problems of the country. Shortage of energy in the country has been
120 reduced as it started to get hydroelectricity from Ethiopia at a cheaper price. In this connection, Styan (2013)
121 affirmed that "following Djibouti's connection to Ethiopia's electricity grid in 2011, retail and industrial domestic
122 tariffs were cut significantly, easing pressures on household and business budgets". Generally, the reduction of
123 energy cost has produced enabling environment for the overall socio-economic development of the country (African
124 Economic Outlook, 2012). To increase the already existing amount of power supply to 230 MW, the two countries
125 also agreed on the 2 nd electric power system interconnectivity (MoFA, 2014). This promises a strong prospect on
126 the two countries' future economic integration. c) Infrastructure Ethiopia and Djibouti have gone through a long
127 time of economic relations on the basis of mutual progress. To facilitate their economic relations they have been
128 devoted to lay down infrastructural connectors. It is obvious that infrastructural linkages have undiminished role
129 in the overall economic relations of the two countries. This is why they are highly devoted to lay down several
130 infrastructural linkages. The rehabilitation of the Djibouti-Ethiopian Railway is on progress. Not only this, the
131 emphasis given to the infrastructural link of the two countries can clearly be observed from their subsequent
132 attempts. Accordingly, in January 2013 ministers signed a contract to construct a pipeline to supply drinking
133 water from Ethiopia to Djibouti. This is scheduled to carry 100,000 cubic metres a day, with the project due
134 for completion in 2014 (Styan, 2013). The underway constructions of the new Addis Ababa-Dewele-Djibouti rail
135 route as well as Tadjourah-Mekele rail corridor could also be mentioned as best instances as regards the utmost
136 significance given to infrastructural links (MoFA, 2014). The construction of these passageways will, therefore,
137 further facilitate import and export of goods, for instance for Djibouti to import commodities from Ethiopia like
138 khat for which some family pay out up to 30% of their income (African Economic Outlook, 2012).

139 The tripartite agreement reached in February 2012 by Ethiopia, Djibouti and South Sudan is also another
140 factor that cements the already existing infrastructural linkage and economic cooperation between Ethiopia and
141 Djibouti. The agreement allows Djibouti to extend its telecommunications network to South Sudan, to construct
142 oil pipeline as well as freight and rail infrastructure that connect it to South Sudan (ibid). Thus, the passage of
143 Djibouti's line via Ethiopia further strengthens Ethio-Djibouti's interdependence.

144 **6 III.**

145 **7 Security Cooperation**

146 The economic interdependence of the two countries spilled over to political and security cooperation. This is like
147 what happened for Ethiopia and Sudan where they arrived at an agreement to establish a joint military force
148 so as to create enabling environment for both countries' economic cooperation and joint development activities
149 (Tesfa-Alem, 2014). Likewise, this is apparent from Ethio-Djibouti's prevailing cooperative engagement in the
150 peace and security areas. In the 2013 joint ministerial commission meeting, which was held in Addis Ababa,
151 both countries agreed on a range of areas embracing "the exchange of military information, military training
152 and joint activities in controlling activities of smugglers, terrorists and other 'spoilers'" (Addis standard, 2014).
153 As regards security cooperation, it would be better to see both countries' security cooperation from two angles:
154 1) cooperation to maintain peace and security in the two countries, and 2) cooperation to maintain peace and
155 security in the Horn of Africa region at large. Firstly, following the agreement reached at the joint ministerial
156 commission in 2013, Ethiopia and Djibouti undertaken six-month security cooperation. In the meeting for
157 evaluation of this six-month cooperation, it was affirmed that Ethiopia trained Djiboutian soldiers contributing
158 for sharing of information and the successful joint border operation (ibid). They are cooperatively working on
159 security of the border areas being cognizant of the need to exert further effort to boost security cooperation and,
160 thereby creating enabling environment for their all-rounded cooperation.

161 Secondly, in pursuit of the agreement reached at the joint ministerial commission, they have also successfully
162 collaborated and exchanged experiences in fighting against Al-Shabaab under the auspice of AMISOM in Somalia
163 (ibid). They are cognizant of the fact that the security of their country is not independent of the security of

8 CONCLUSION

164 the region as a whole. It is also a well established fact that IGAD is working on the fight against terrorism in
165 the Horn of Africa region. Accordingly, the IGAD Council of Ministers adopted two conventions pertaining to
166 Extradition and Mutual Legal Assistance to the ultimate goal of wiping out terrorism in the area (Center on
167 Global Counterterrorism Cooperation and IGAD Security Sector Program, 2012). The fact that Ethiopia and
168 Djibouti become the forerunner in terms of ratifying those conventions undoubtedly shows their coordination
169 and teamwork in the area of peace and security of the region.

170 In a nutshell, what one can deduce from the above discussion is the common interest both countries showed
171 to have a stabled and peaceful region as they are aware of the fact that security is essential for the rest of their
172 multidimensional cooperation. Convinced of this fact, they are jointly devoted to maintain peace and security
173 on both countries as well as the Horn of Africa at large by consolidating consultation and cooperation. They
174 further promised to continue working on the basis of brotherhood and mutual understanding in the maintenance
175 of both countries' security.

176 The two countries are cooperative in almost all aspects of their activities. Economic, social, political and
177 security relations are getting consolidated. They are working strongly being hand and glove in different spheres.
178 Pertaining to this, the president of Djibouti, Ismail Omar Guelleh, unequivocally announced that "the two
179 countries are partners. There is no sector in which the two countries do not cooperate"???"We do not find
180 any difference between Djibouti and Ethiopia" (Ethio-Somali Democratic Council, 2004). Though the study
181 focuses on the role of economic interdependence in amplifying security cooperation, the existing facts distinctly
182 demonstrate an all rounded cooperation of the two countries on the basis of mutual interest, being a best model
183 for Horn of Africa regional states. As a result of the above observed strong relations and cooperations, the
184 question one may encounter is would the prevailing cooperation of the two countries leads to political unity? In
185 portraying the possibility of the two countries' political unity, the president of Djibouti conferred that "if the
186 Djibouti and Ethiopian peoples want unity, we should implement it" (ibid). From this one can deduce the political
187 will of Djibouti government to establish political unity going beyond the already firmly established economic and
188 security cooperations. The bottom line is the fact that at the core of this level of relations is the strong economic
189 interdependence between two countries.

190 IV.

191 8 Conclusion

192 Ethiopia and Djibouti have longstanding relationships. Economic relations have been the backbone at their
193 historical relations. Ethio-Djibouti railway and the port of Djibouti have had always a central pace in the two
194 countries' economic relations since long time ago. And, still they have undiminished role. Notwithstanding
195 such historical relations, the recent strong economic interdependence can be seen as a new major change in the
196 Ethio-Djibouti relations. This is due to the degree and dimensions of their cooperation. Ethiopia's electric power
197 export to Djibouti has a paramount importance in the further consolidation of their relations. Moreover, the
198 underway rehabilitation of Ethio-Djibouti railway, the ongoing constructions of other infrastructural facilities
199 like road, pipeline, and additional electric line interconnection clearly show the strong integration of the two
200 countries.

201 At the top of all, the two countries are aware of the fact that their economic integration would not be successful
202 unless the peace and security of the two countries and the region at large is maintained. Accordingly, they are
203 jointly working on the peace and security areas. This is apparent from their coordinated involvement in AMISOM
204 and their joint military operation in their border areas. Hence, the strong economic interdependence of the two
205 countries inevitably spilled over into the peace and security areas cooperation. Currently, Ethiopia and Djibouti
206 are working on allrounded cooperation, namely, economic, social, political, peace and security cooperation.

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