

INTER-AGENCY REGIONAL ANALYSTS NETWORK

Eritrea: Future Transitions and Regional Impacts

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Introduction

Often dubbed ‘the North Korea of Africa,’ Eritrea has had a tumultuous history that has included exploitation by various competing powers and an international community that has often turned its back on the country’s trials and tribulations. Since independence, Eritrea has been ruled by one man, Isaias Afwerki, and a shifting cadre of freedom fighters who have managed to ride the waves of his erratic tenure. A disastrous border war with Ethiopia, conflicts with Sudan and Djibouti, and Eritrea’s support to rebel groups including al Shabaab isolated the country both regionally and globally. In 2009 and 2011, the UN Security Council imposed sanctions, effectively making Eritrea a pariah state.

For several years, the country’s youth have fled by the thousands in order to escape the severe human rights violations including indefinite national service that have characterized the country since 2001. While the country appeared on the verge of collapse during the drought of 2008/2009, the state managed to hold on and was eventually thrown a lifeline in the form of mineral revenues as well as a changing regional security dynamic as Saudi Arabia went to war in Yemen to overthrow the Shia Houthi rebels who took power in 2015.

Eritrea is now poised to come back onto the regional stage as a potentially disruptive force, especially in regards to regional hegemon Ethiopia. While the country may be vulnerable, regional powers also recognize its potential threat, personified in the axiom “Beware small states.”

Status Quo

The situation in Eritrea is characterized by a completely closed political and economic system that has been characterized as a ‘mafia’¹ or ‘garrison’ state.² In either characterization, the

¹ Confidential Source – 13 May 2016

politico-military elite, with Isaias as their centre of gravity, control all aspects of political power and economic organization in the state. While there are undoubtedly divisions within this elite circle owing to personality politics and power contests, the system has survived through the worst of international isolation and has been renewed as Eritrea moves back into regional power structures.

The heavy trend and the basis for this analysis is that nothing will change as long as Isaias Afwerki remains in power. He has controlled Eritrean politics from independence through the border war with Ethiopia and into today. He regularly manipulates relations between the political-military elites, freezing careers, reshuffling subordinates to more or less lucrative portfolios, and even taking direct control of the military during times of war. Until his death or until he is forced from power, there is nothing to suggest that he has lost the ability to control the country as he has for decades.

Therefore, expect that society will remain closed and opaque. There will be little incentive to change the issue of indefinite national service, thousands will continue to cross the border every month despite the danger therein, and Eritrea and Ethiopia will continue to play a dangerous game over control of their shared border and support to one another's opposition movements.

Key Uncertainties

Access to information is severely limited in Eritrea, leading to high degrees of uncertainty. There are few operational NGOs in Eritrea, and the limited number of intergovernmental organizations engages in little more than limited interventions. In addition, diplomats and visiting journalists are restricted in their movements to the major cities and their immediate environs. This, together with a history of restrictions, repression and elimination of opposition parties and independent Eritrean journalists mean that Eritrea is one of the most opaque, closed societies on earth. This is why the assumption above holds as a status quo. Additional scenarios for future transitions are discussed below, with the following critical uncertainties.

- Economic Networks - the military-political elite have near complete control over all aspects of the economy including import-export, key businesses, and the financial sector; however, no records exist of profitability or financial health of the economic sector.
- Food Security - Eritrea shares a border with Ethiopia, which is experiencing one of the worst droughts in the last century; however, there is no food monitoring mechanism or famine early warning data in the country. No increased migration has been reported, however, and no one can adequately explain why.
- International Relations - Eritrea has sustained its economy despite years of UN sanctions, most likely through bilateral agreements with Libya, Qatar, Iran, and Israel in the past and Saudi Arabia and the UAE since 2015. Negotiations with the EU over refugee flows have also extended the possibility for development assistance despite political ramifications.
- Power structures - though some names are known throughout the diaspora community, information on how various political figures interact with one another or how competition and/or cooperation affects political stability are mostly rumors or unsubstantiated.

² Tronvall, Kjetil and Daniel R. Mekonnen. *The African Garrison State: Human Rights and Political Development in Eritrea*. London: James Currey, 2014.

- Military Capability - despite compulsory national service and one of the highest rates of mobilization in the world, it is unclear whether Eritrea has the manpower or professionalism to take full advantage of its military in case of open conflict.
- Basic Demographics and Population - with thousands fleeing Eritrea every month, estimates as to the country's population are as low as 2m in country but are wildly inconsistent. There is a possibility that the diaspora have greater numbers than those who have remained.
- Societal Relations - the last several years have seen growing concern over fracturing relations between Christian/Muslim, Highland/Lowland, and Tigrinya/minority. According to ICG, at one point over 10% of the population was mobilized for war, above the generally agreed upon threshold at which society ceases to function normally.

Political Realities

As stated in the base case, Eritrean politics is dominated by President Isaias Afwerki, who rules over what Tronvoll and Mekonnen have dubbed the 'garrison state.'³ This is characterized through a totalist/totalitarian political ideology with no viable alternatives, a single party led by one man (Afwerki) with his collaborators, which cannot be ejected in any way, and a fully developed secret police force with a monopoly over mass communications⁴, operational weapons, and all organizations including economic ones, which leads to a highly centralized planned economy. This political system developed out of the liberation struggle, hardened after the war with Ethiopia (1998-2000), and mutated after the collapse of the economy in 2008.⁵

Isaias Afwerki developed his reputation as a ruthless political and military leader out of the struggle for independence. A history of exploitation by Italy, Great Britain, and Ethiopia as well as Cold War proxy support to the Empire and the Derg, by the US and the USSR respectively, generated the Eritrean distrust of the international community and engendered an attitude of extreme self-reliance that has characterized the country since independence.⁶ This has served Afwerki well as he has kept the country on a war footing to excuse its Orwellian poverty, deprivation, and lack of development.

The country's totalitarian character has been maintained through Afwerki's cunning manipulation of domestic politics. Before international sanctions and an arms embargo, Isaias was careful to keep the party and the army separate - challengers within the party who had access to political budgets and patronage opportunities lacked the means to organize violence. Likewise, generals had little opportunity to mobilize economic resources and coalitions. He buttressed this system of separation with the more classical African dictator's strategy of control: reshuffling his challengers' positions, "freezing"⁷ their careers, raising them up before casting them down again,

³ The garrison state was first theorized by Harold Lasswell in 1941 and posited that specialists in violence could rise to power in response to long-term international tensions to promote a preparation for war as a dominant thrust in society. Normal society would be systematically subordinated to the fighting forces.

⁴ Eritrea has some of the slowest Internet speeds in the world, and telecommunications are heavily monitored

⁵ De Waal, Alex. "Eritrea: A Museum of Modernism." *The Real Politics of the Horn of Africa: Money, War and the Business of Power*. Cambridge: Polity, 2015.

⁶ This history is increasingly challenged as a PFDJ narrative. Critical engagement may change it in a post-Isaias future.

⁷ *Midiskal* – an Eritrean term for the "unlawful dismissal, sidelining, or neutralisation of potentially critical regime members." Crisis Group Africa Report N°200, [Eritrea: Scenarios for Future Transition](#), 28 March 2013, p.3.

and employing their deputies as shadow ministers who would spy on their superiors and report directly to the president.

Afwerki brooked no opposition, especially after 2001, when 15 prominent officials wrote an open letter criticizing the war with Ethiopia and demanding the president institute the 1997 constitution, a document that came out of three years of consultation with the Eritrean people but that had never been implemented. The Group of 15 (G-15) were arrested in September 2001, beginning a crackdown that forced virtually all journalists, opposition, and civil society into prison or exile.

After the crackdown, Isaias increasingly allowed the military elite to participate in the state's economic markets, adapting his tactics to ensure his overall survival strategy. He split the country into five military zones, creating what were essentially modern duchies for his high-ranking deputies. This led to significant corruption and exploitation, especially in the labor market, as national service increasingly approached indentured servitude if not outright slavery in agricultural projects and parastatals. In addition to cheap labor and legitimate businesses, these deputies often participated in illegal economic networks including arms smuggling and human trafficking. This laid the foundation for the political system in place today.

Slowly, this arrangement began to transform the system into a political marketplace.⁸ Theoretically, economic pressures in June 2008, when the country ran out of hard currency and could not afford fuel imports, should have led to severe political disruption as elites defected due to their economic interests. Indeed, according to several sources, 2008/2009 was the closest the country came to collapse. It was saved only after Canadian mining conglomerate Nevsun brought the Bisha gold mine online, transferring large economic rents back to the centre as international pressure began to constrain illegal trafficking networks.

This put Isaias back at the centre of political and economic control, but also made him vulnerable to a coup, as his position as the godfather of the political system was most lucrative. In January 2013, an incident at the public broadcaster, "Forto," electrified diaspora opposed to the regime and longing for change. Though denied by the regime, it appeared that at least 100 soldiers, with two tanks in support, briefly occupied the information ministry and attempted to read a list of demands before the signal was cut. They returned to their posts without further incident, but according to multiple sources, the regime cracked down after international attention waned.

Presidential advisor Yemane Gebreab classified the incident as a "Muslim fundamentalist" attempt to overthrow the government. Several prominent Muslim political governors, military officers, and ministers were arrested, shifting power to the Tigrinya elite. Though the EPLF downplayed societal divisions during the independence struggle, the fallout from the incident at Forto has reportedly fractured Eritrean society along ethnic (Tigrinya vs minority), religious (Christian vs Muslim), and geographic lines (Highlander⁹ vs Lowlander). The potential that violence between groups could occur with political instability is possible should Isaias go.

⁸ "A contemporary system of governance in which politics is conducted as the exchange of political services or loyalty for payment or license." Ibid p.16.

⁹ Tronvoll and Mekonnen (2014) add that these factions are by no means homogenous and report friction within the highlanders between the Hamasien and Akele Guzay

The president's death, incapacitation, or vulnerability to a coup will have the greatest impact on this system. At the moment, Isaias is the pivot of a political-business corporation that risks disintegration when he goes. However, questions regarding his health have long dogged his rein. Isaias turned 70 in February 2016, and rumors abound regarding his physical and mental health.¹⁰ However, much like fellow freedom fighter Meles Zenawi (d.2012) in neighboring Ethiopia, these rumors are never confirmed for fear of generating instability.

It is reported that Isaias has no succession plan. Zenawi held a similarly powerful, centralized role in Ethiopia; however, with a constitutional succession plan and deputies in place, the EPRDF managed the transition without incident. It is unclear that the military establishment in Eritrea would be able to do the same, and the most likely scenario includes power struggles, chaos, and potentially civil war. Much of Afwerki's power comes from his revolutionary credentials and his status as the father of independence. It is not clear whether, in the case of a managed transition, citizens residing in Eritrea or in the diaspora could countenance maintaining the status quo of forced conscription, indefinite national service, a foundering economy, and high-level corruption.

Economic Networks

Eritrea's recent history of international isolation as well as claims to domestic self-sufficiency has created an economic system unlike any other in the world due to its extreme opacity. Eritrea has never published an annual budget, for example. The system is run entirely by and for the politico-military elite, who control all aspects of production, finance, and trade. In addition, the supply of labor is tightly controlled through the **Warsey Yikealo Development Campaign (WYDC)**, a system of indefinite national service that, according to the 2015 United Nations Commission of Inquiry on Human Rights in Eritrea, amounts to a practice of forced labor akin to slavery.

According to long-time Eritrean analyst Dr. Gaim Kibreab, "The ultimate goal of the Eritrean government and the PFDJ is to exercise unfettered control over the country by becoming the major, if not the only, employers and owners of the sources of livelihood, such as commodities, land and other renewables throughout the country."¹¹ The ruling party has employed the **Red Sea Trading Corporation**¹² and the **Hidri Trust**¹³ to build a nexus between party, commerce, and finance that has crippled the state's economic health while enriching the military elite.

Party-controlled enterprises and parastatals are notoriously opaque. Most are disorganized, haphazardly conducted, and difficult to document. Indeed, it is impossible to assess their performance or profitability, but it is clear with rolling blackouts, a lack of consumer goods, and a significant black market that domestic production has not been able to fill the gaps left by a corrupt, profiteering trade policy.

¹⁰ Afwerki often travels abroad for treatment and has been described as "unhinged" by diplomats in Asmara. Tisdall, Simon. "[Wikileaks cables: Eritrean poverty and patriotism under 'unhinged dictator'.](#)" *The Guardian*. 8 December 2010.

¹¹ Kibreab, Gaim. "PFDJ's Dominance of the Economy & the Consequences." *Eritrea: A Dream Deferred*. Boydell and Brewer, 2009. 265-304.

¹² Also referred to internally as simply '09,' the Red Sea Corporation was integral to financing the EPLF and obtaining ammunition and supplies in the fight against the Derg.

¹³ A corporate umbrella for the Red Sea Trading Corporation, the Hidri Trust maintains secret offshore bank accounts for the party and controls all relevant companies operating in Eritrea.

Eritrea remains, on the surface, a relatively closed country due to the border war with Ethiopia, which saw Eritrea lose its biggest trading partner and forced the Ethiopians to look to Djibouti to replace its lost access to Red Sea ports. The import of goods in the past several years has been severely restricted through the use of strict licensing, to the effect that the Red Sea Trade Corporation has a near monopoly. Underneath the surface, however, the black market thrives, especially on the border with Sudan. Corrupt Sudanese and Eritrean officials cooperate on the contraband sale of goods, but they can only do so as long as the military elite get their cut.

This lack of free trade means that even staple goods including grain, rice, sugar, and cooking oil are extremely expensive. Despite the government's claims to the contrary, Eritrea is not self-sufficient in its cereal production, meaning that years of isolation have impoverished the population and led to potentially severe food insecurity. According to one expert, in a good year, Eritrea can only meet 80% of its food needs. In a situation of drought, especially related to the El Nino phenomenon, it is possible that Eritrea could have lost the entirety of its harvest, leading some to worry about the potential of the country suffering through a 'silent famine.'¹⁴

Though some within the humanitarian community fear that severe food insecurity could lead to new displacement or political instability, those in the diaspora community have their reservations.¹⁵ Many who have participated in the exodus from Eritrea in the past years are youth looking to avoid the indefinite national service. However, with a strict policy on emigration, including a 'shoot to kill' policy on the border, leaving the country is often only possible by taking advantage of the numerous smuggling operations often run by the military elite. Indeed, some have suggested that 'shoot to kill' is actually more of a 'pay to leave' policy¹⁶, with human trafficking occurring along similar routes as those used by arms smuggling and the black market.

More disastrous for the Eritrean economy, however, has been the disappearance of a whole generation of labor. Eritrea's population is estimated at five million, but other estimates place the population as low 2 million due to population flight. The vast majority of those who have left the country are of prime working age. This has had a significant impact on agricultural output, construction, and manufacturing, though the use of forced labor through the WYDC has continued to let those industries generate profit for their elite beneficiaries.

Those that do manage to leave the country still contribute economically through remittances and the diaspora tax. Eritrea is highly reliant on foreign transfers, with estimates that remittances constitute up to 38% of GDP,¹⁷ with one in three households dependent on this income. In addition, diaspora who wish to travel to Eritrea or obtain official documents are required to pay 2% of their salary (or benefit payments from their host country's social safety net) to the Eritrean state. This is usually collected at embassies and consulates, but has been constrained in the past few years by Western governments concerned about allowing a sanctioned state to exploit its diaspora and sustain itself. Remittances and diaspora tax are handled through **Himbol Financial Services**, which is run by PFDJ party cadres, who typically skim money from the vastly over

¹⁴ Plaut, Martin. "[Will Eritrea's drought turn into a silent famine?](#)" 14 December 2015.

¹⁵ The argument that famine caused the downfall of the Derg or the Empire is a faulty narrative according to many Ethiopians and Eritreans.

¹⁶ Crisis Group Africa Briefing N°100 "[Eritrea: Ending the Exodus?](#)" 8 August 2014, p8.

¹⁷ Radlicki, Mikolaj. "[The 30-m strong Africa diaspora likely sends \\$160bn home every year: Where does it go?](#)" *Mail & Guardian*. 02 June 2015.

inflated nakfa.¹⁸ Most diaspora thus use the black market ‘hawala’ system of petty traders, who give a rate closer to 44:1, though the government most likely profits from this system as well.

In November 2015, the government issued new nakfa notes, with a six week turnaround time before the old bills became worthless. Experts believed this was meant to target currency hoarders and gain greater control over the black market¹⁹ as well as to confiscate liquid assets from the citizenry. The result may have affected migration routes, as refugees were less able to afford the trafficking networks. In the long run, some worry that the move will detrimentally affect citizen’s faith in the banking and finance sectors.

Remittances and the diaspora tax could not sustain the economy through the worst of sanctions or international pressure to constrain illicit trafficking and finance networks. The system nearly collapsed in 2008/2009 before the state gained access to mining revenues in 2010, turning its economic fortunes around almost overnight. From \$13m in exports in 2010, Eritrea saw gains of \$388m in 2011, \$457m in 2012, of which fully 95% were mineral exports to Canada.²⁰ Eritrean leaders are hopeful that further deposits of gold, copper, potash, zinc, oil, natural gas, gypsum, granite, marble, limestone, and iron ore can be developed in the coming years.²¹

That the economy did not collapse between 2009 and 2011 is quite possibly due to financial or ‘in kind’ support to the regime from other ‘rogue states’ including Libya, Qatar, Sudan, and Iran. Investigations by the UN showed that the country was propped up with payments of food and fuel, quite possibly because Eritrea acts as regional disruptor, counterbalancing US and Western interests. Eritrea’s strength is in its geostrategic position and its willingness to follow the money, and the country has capitalized on this by leasing its territory for Israeli and Iranian bases in the Dahlak Archipelago and by hosting Saudi Arabian and Emirati navies at the Port of Assab for the next 30 years.

As Eritrea comes back onto the world stage, its political viability and regional influence will be determined by its economic health. While Eritrea may avoid collapse due to its ability to switch allies and allegiances and its tight control of its politico-business model, its strength at the moment lies in booming mineral exports alongside very low oil prices. Expensive oil or a collapse in commodities could spark trouble for an Eritrea that does not have the ability or the will to diversify its economy and open itself up for stronger growth.

Migration Concerns

Due to poverty and national service, Eritreans have been fleeing the country in droves over the past several years. As of June 2016, the Regional Mixed Migration Secretariat in Nairobi estimates that up to 5000 Eritreans flee the country every month,²² with estimates that nearly half a million

¹⁸ The official rate for the nakfa is 15:1 ERN:USD, whereas the black market rate is over 50:1.

¹⁹ Solomon, Salem. “[Some Experts Wary of Eritrean Currency Redemption Plan.](#)” *Voice of America*. 25 November 2015.

²⁰ De Waal 2015, p.152.

²¹ Anderson, Mark. “[Canadian mining company accused of exploiting Eritrea’s forced labour.](#)” *The Guardian*. 19 August 2015.

²² “[Eritrea: Country Area Profiles.](#)” Regional Mixed Migration Secretariat. June 2016.

Eritreans reside outside the country (9% of the population) as either members of the diaspora or refugees from one of the fastest emptying countries in the world.²³

Refugees are mainly hosted in Sudan (101,571) and Ethiopia (155,862),²⁴ countries which act as transit sites for the thousands who look to migrate to Europe, where they are afforded *prima facie* asylum status, meaning it is assumed that they have legitimate asylum claims based on a human rights situation that includes systemic violations amounting to crimes against humanity.

However, there are also claims that Eritreans flee the country due to its economic stagnation and lack of opportunity. This, in addition to Europe's recent campaign aiming to halt migration to the continent has caused some, notably Denmark and the UK, to attempt to reverse the policy of granting the *prima facie* status to Eritreans based on a deeply flawed immigration report conducted by the Danish government.²⁵ So far, these attempts have failed, with the Danish government backing down from its report, and many British judges rejecting the Home Office's attempts to return migrants to the country. According to one expert, 92% of deportation appeals are secured against allegations of refoulement by the UK government.

This does not mean that the Europeans have not targeted Eritrea as a particularly problematic case. Eritreans were the single largest group utilizing the Central Mediterranean migrant route, totaling 39,162 arrivals to Italy in 2015, 25% of the total. Eritreans on this route are thus not only one of the largest groups of migrants per capita but also by absolute numbers. Between January and May 2016, 6,076 Eritreans have arrived in Italy, despite the targeting of Christian migrants by ISIS affiliates in Libya.

Experts expect that these attacks, as well as the worsening security situation in Libya, could have a deterrent effect on Eritrean migration. However, these same experts also report new routes opening up in Egypt that could move the flow of migrants from Eritrea toward the Eastern Mediterranean routes through Greece and the Balkans.

The issuing of new nakfa notes may have been intended as a deterrent effect in recent months as well, as the change constrained to access trafficking networks. Eritreans are only legally allowed to hold 5,000 nakfa outside of the banks, which is not enough to access many of the safer trafficking networks. Refugee numbers have not significantly decreased in recent months despite the change.

Europe has attempted to crack down on these human trafficking networks by targeting high-level Eritreans associated with the trade. The Europeans have increased cooperation with Sudanese, Libyan, and Eritrean officials, though perhaps not to greatest effect, as a prominent trafficker extradited to Italy from Sudan may have been the victim of mistaken identity.²⁶ Meanwhile, a €200m aid agreement with the EU Trust Fund for Migration seeks to strengthen Eritrea's judiciary and assist the government in establishing anti-trafficking policies, willfully ignoring the fact that

²³ Laub, Zachary. "[Authoritarianism in Eritrea and the Migration Crisis](#)." Council on Foreign Relations. 11 November 2015.

²⁴ As of May 2016. See "[Eritrea: Country Area Profiles](#)."

²⁵ "[Denmark: Eritrea Immigration Report Deeply Flawed](#)." *Human Rights Watch*. 17 December 2014.

²⁶ Tondo, Lorenzo and Patrick Kingsley. "[Eritrean accused of being people smuggling kingpin says he is innocent](#)." *The Guardian*. 10 June 2016.

the judiciary has been essentially non-existent after years of political interference and that high-level government officials regularly benefit from and are complicit in the trafficking networks.

Expect refugee flows to continue in a similar vein to their current trajectory, though with increasing rights abuses as Khartoum deports Eritrean refugees. However, as long as strong state actors have a stake in the system, it is unlikely to change. Eritreans will continue to flee to Sudan and Ethiopia, using the countries as transit point on the migration routes to Libya, Egypt, and the Mediterranean.

Regional Implications of Eritrea's Return

Eritrea has returned from the brink of collapse and is now poised to grow even further on the regional stage thanks to recent contribution to the Gulf Alliance fighting in the Yemeni Civil War, its economic resurgence, and a Europe looking to end its isolation in order to stem migration. A grain shipment bound for South Sudan utilized the Massawa port in June 2016, another indication that Eritrea is moving towards rejoining the international order.

Much of Eritrea's past foreign policy has been predicated on belligerence, bellicosity, and bluff with one analyst describing Isaias's strategy as "drawn from long experience of manipulation and betrayal, that if you trust no one, you can ally with anyone. There are no bad allies, only ineffective ones" and ending with the intent "to be a player in regional politics that local and global powers ignore at their peril."²⁷ As long as Isaias is in charge, Eritrea will remain an unpredictable and dangerous player. The following is a brief look at what repercussions this could have for the region.

- Ethiopia

Ethiopia has remained Eritrea's greatest enemy and biggest threat since the border war ended in 2000. The two countries host one another's various rebel groups, and much of Eritrea's unpredictability on the regional stage (as well as funding from wealthy individuals and Islamists) has come from its destabilizing influence on Ethiopia. Eritrea supposedly hosts rebels from the Oromo Liberation Front (OLF), the Red Sea Afar Democratic Organization (RSADO), and Ginbot-7 among others. It was also a strong supporter of the Islamic Courts Union in Somalia and al Shabaab, most likely not due to any strategic objective but more aligned to the 'enemy of my enemy' tactic of international relations.

The Ethiopians are by all accounts unhappy that Eritrea has regained a foothold in the region after years of attempting to undermine and isolate Afwerki's regime. A June 2016 flare up along the shared border potentially killed hundreds, though there were no numbers were officially agreed upon by both sides. It was the worst fighting in recent memory, but has followed a pattern of increased tensions. There have been eight incidents on the border since 2011, not to mention proxy conflicts. In May 2016, Ethiopia claimed to have attacked a Ginbot 7 contingent in the southern town of Arba Minch allegedly transporting weapons from Eritrea to Uganda.

It is unclear how much of the tensions are real or just for show. A long-running conspiracy theory has it that Eritrea and Ethiopia actually use the threat of military action to keep their populations

²⁷ Connell, Dan. "The EPLF/PFDJ Experience: How It Shapes Eritrea's Regional Strategy." In Reid, Richard. *Eritrea's External Relations: Understanding its Regional Role and Foreign Policy*. London: Chatham House, 2009. 42-43.

in check and the regimes in power. Ethiopia had the opportunity to completely overwhelm Eritrean defenses and take Asmara in 2000, but the final assault was called off at the last minute through Meles Zenawi's personal intervention. This mirrored Isaias's interference in military matters, which some claimed cost the Eritreans the war. Security analysts admit that they have little idea what happens behind the scenes of the two countries, but have said that there is evidence to believe that Ethiopia no longer considers Eritrea a real military threat after the loss of so many fighting age men and women to the continuing youth exodus. They cite the movement of Ethiopian jets away from the border as evidence for this.

Whatever the cost, it is clear that the greatest loser in Eritrea's return to regional politics and economic strength is Ethiopia, which has committed significant resources to keeping the Eritreans in check. As long as Ethiopia continues to flout the ruling of the Eritrea-Ethiopia Border Commission (EEBC) and occupy Badmé, the unimportant village at the heart of the border war, tensions between the two will remain elevated with the possibility for a single spark to ignite renewed war.

- Djibouti

Djibouti gained the most in the region from Eritrea and Ethiopia's mutual antagonism. When the border closed, Ethiopia lost its access to the sea and turned to Djibouti's port to connect it to international markets. The two countries have been close since.

Eritrea's 2009 UNSC sanctions came about in part because of antagonism with Djibouti over their shared border. In April 2008, Eritrea moved troops into the disputed border area (Ras Doumeira) near the geostrategically important Bab al Mandeb straight, the entrance to the Red Sea between Yemen and Djibouti. Several dozen soldiers from both sides were killed or wounded in the ensuing fighting, and Qatar mediated a cessation of hostilities that has nevertheless failed to resolve the border dispute.

The Eritreans' refused to withdraw from Ras Doumeira. This, alongside their alleged support for al Shabaab forces in Somalia won them an arms embargo, travel bans, and asset freezes for high level leaders in the political and military establishment. Sanctions have remained in place and the border is still closed and heavily militarized. This is not expected to change any time soon.

- Sudan

Eritrea's role as regional disruptor may have generated an appeasement strategy by its neighbors. Especially in Sudan, which has been fighting multiple insurgencies in South Kordofan, Blue Nile, and Darfur, Eritrea held great power to destabilize the east around Kassala and Port Sudan. The Eritreans acted essentially as rent-seeking rebel group. The Eastern Sudan Peace Agreement, signed in 2006, ended Eritrean support for the Beja Congress and the Rashaida Free Lions and was seen by many as a cheap way to end the war, especially with the costly measures undertaken by the international community in Darfur.

Omar al-Bashir is one of Eritrea's few allies in the region. However, the Sudanese may view the Eritreans as more of a headache to be prevented than as any real ally. As long as the politico-military economic networks remain in place, it is unlikely that the two will engage in open hostilities. Trafficking networks through the eastern desert enriched the Rashaida until Israel

built a security fence in the Sinai, but others remain profitable and influential. The two sides may engage in some faux antagonisms,²⁸ but it is likely their position in the political marketplace will keep the border quiet for the foreseeable future.

- Somalia

Eritrea was sanctioned in part due to its support for al Shabaab in Somalia. Though the United Nations Monitoring Group later said that it found no direct support for the Islamists, the sanctions have never been lifted. This is in part because it was difficult for the UN group to prove support to the Somali terror group. As mentioned above, Eritrea maintains significant interests in black market financial arrangements due to its state trust funds and the hawala system of diaspora remittances. Financial arrangements remain opaque due to their institutional roots in the liberation struggle.

Eritrea's support in the region was originally given to the Islamic Courts Union, which splintered into al Shabaab after the Ethiopians committed troops in 2006 to topple the organization. The ICU's roots in the Ethiopian terror group Al-Ittihad al-Islami (AI) gave the Ethiopians (with American backing) cause to topple an organization responsible, in part, for the 1998 US Embassy bombings.

According to researchers, Eritrea's support for Islamists comes not out of ideology but out of tactical considerations meant to undermine Ethiopia. Indeed, Eritrea has cracked down seriously on Wahhabi interpretations of Islam within the country as well as challenges to the central state based on Muslim identity. The US Embassy in Asmara identified Libya, Saudi Arabia, the UAE, and Qatar as funding Eritrea's anti-Ethiopian activity in Somalia and within Ethiopia, and while some may claim that Isaias sought funds for his campaigns, it is equally plausible that his actions as regional insurgent generated the supporting funds from supporters.

It is too difficult at this time to know whether Eritrea will again seek to support rebel groups in Somalia or whether the threat of continued international isolation will temper their goals in the region.

- The Gulf States

Eritrea's regional strategies rarely have a coherent strategy and are most often based on tactical considerations. Perhaps this is no more evident than in their dealings with the Arabian Peninsula. At the time of writing, it has been reported by multiple sources that Eritrea has 400 troops engaged in the Yemeni Civil War alongside Saudi Arabia and other members of the Gulf Cooperation Council.

This comes after years of tacit support to Yemen's Houthi rebel group. The Eritreans even allegedly allowed them use of Eritrean territory for training purposes. Before the current war broke out, Eritrea worked with Iran to supply the Houthis and Hamas, even while Israel maintained bases in the Dahlak Archipelago. There are very murky ties that bind various regional powers together in Eritrea, none clear enough to elucidate in this report.

²⁸ The Sudanese recently deported hundreds of Eritreans from Khartoum, perhaps in a show of good faith to Europeans concerned about illegal migration

Suffice it to say, Eritrea has tied itself more closely to the Arabs in the Gulf upon realizing their geostrategic location could provide them leverage for economic support. The Eritreans switched allegiances, joined the Arabs, and now host Saudi and Emirati warships in the Port of Assab. This is reportedly part of a deal that includes a thirty-year lease for the Arabs and Emiratis to establish a Red Sea fleet, with Assab as one of the main naval bases.

However, one should never believe that Eritrea has found a new strategic alliance. As stated elsewhere, Eritrea betrays the classic realism of Kissinger - the country has no friends, only interests. If regional tides begin shifting, it is likely that Eritrea will actively seek out the best deal it can find regardless of alliances.

Scenarios

Keeping in mind the base case scenario, Eritrea is unlikely to change while Isaias Afwerki remains in power. The economic networks are too interwoven, and Isaias sits at the centre of the vast web of political and economic power. With that in mind, what happens when Isaias leaves, either through sickness, death, or coup? The following scenarios sketch what the post-Isaias future could hold.

1. Managed Transition

The politico-military leadership manages a transition and maintains its hold on power. The central group of military leaders does not fracture and is able to present a united front as the guarantors of stability and Eritrea's national security. There is no major shift in policy or approach from the new Eritrean government either domestically or in foreign policy, and Eritrea's role on the regional stage gradually reestablishes itself.

Uncertainties

If the hardliners take power, little will change, much like Ethiopia after Meles's death. However, it may be very difficult for new leadership to maintain the control that Isaias had throughout his reign. Moreover, the diaspora may not accept a military dictatorship without Isaias in charge. Most of the leaders from the revolutionary struggle have lost power as Isaias eliminated figures that could challenge his reign. Without diaspora support, the garrison state's days would be numbered.

2. Peace in Our Time

Reformers within the political-military establishment take control and declare a new beginning after Isaias's removal from power. They look to normalize relations with their neighbors and draw down the military, ending the state of emergency and gradually walking back national service. They still look to protect Eritrea's industries, but open up trade and investment slowly in order to maintain the national character of the Eritrean economy.

Uncertainties

If the reformers take power, similar to the managed transition scenario above, the elite status quo remains the same. However, it is likely that the reformers would try to engage in a rapprochement with Ethiopia, eliminating the need for conscription and indefinite national

service. This could prove hugely disruptive in the short to medium term, and the reformers would likely need to cede power in some way to the opposition in the diaspora, maintaining elite control through constitutional means, much like Myanmar's current transition to democratic rule.

3. Chaos Reigns

Battles open up between the reformers and the hardliners and within both camps. The army fractures with some following specific commanders and some turning towards banditry and predation. Years of food insecurity forces civilians to abandon fields under growing conflict. Refugee flows increase drastically. The politico-military elite fragments as the political marketplace unravels.

Uncertainties

Splits in society caused by years of manipulation along ethnic, religious, or geographic lines could lead to civil war or complete breakdown. Years of poverty and food insecurity breeds humanitarian disaster as thousands cross the border into Sudan and Ethiopia. The neighboring countries look to gain some control over their borders by supporting proxy militias. This helps to fracture the state as Eritrea looks increasingly like a failed state.

4. Protecting State Interests

Similar to a fracturing among the politico-military elite, but rather than complete chaos, Ethiopia, Sudan, and possibly Djibouti look to fill the void with a chosen successor. IGAD may intervene with significant pressure from the neighboring states, which could carve the country up into unofficial zones of influence, much like what has occurred in Somalia. Stability would be elusive, however, with the various state-supported factions looking to gain power. The possibility that this scenario transitions to Scenario Three is high.

5. Democratic Transition

Though extremely unlikely, it is possible that Scenario Two could evolve to a managed democracy. If the military establishment could enact the 1997 constitution, they could reform the army, and attempt to end the WYDC. The ethno-religious divisions that have been built up over the past several years would make it very difficult to manage a true transition to democracy, and this scenario would face tremendous challenges to fracturing political power, possibly leading back to Scenario Three. However, if properly managed, these divisions could form the foundations for political parties, the various contests keeping various factions in check and committed to a transition to multi-party elections and a re-established legislature.

Conclusion

Eritrea has engineered a remarkable turnaround from its near economic collapse and its status as an international pariah state only a few short years ago. Tactical alliances with the Gulf States as well as a pilot project to bring South Sudanese food aid in through the Massawa port represent a greater degree of regional cooperation than the state has seen in years.

However, the recent UN investigation into the state of human rights in the country shows that little has changed internally. Eritrea is still a state characterized by a political-military hierarchy, a 'garrison state' that thousands flee every month. While mining revenues have given the country a significant economic boost, this has come at the cost of transforming Eritrea into a more traditional political marketplace, which is beginning to create ethnic and religious divisions that may be difficult to overcome should the state transition away from Isaias Afwerki's dictatorship. The perennial problem in the Horn of Africa, Eritrea will have to decide what it does with its emergent power. Will it resume the antagonisms of old, or will it transition into a more stable partner in the region? And how will its traditional rival, Ethiopia, react to the country's reemergence on the regional stage?

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