Eritrea: Future Transitions And Regional Impacts

July 2016

Status Quo

Often dubbed 'the North Korea of Africa', Eritrea's politico-military elite controls all national political power and economic organization. A disastrous border war with Ethiopia, conflicts with Sudan and Djibouti, UN sanctions, and Eritrea's support to rebel groups including al Shabaab isolated the country both regionally and globally.

Eritrea is now poised to come back onto the regional stage as a potentially disruptive force, especially in regards to regional hegemon Ethiopia.



A brief timeline

2016

OHCHR describes compulsory Eritrean national service as 'outright slavery', better encapsulated under the crime against humanity of enslavement.

2015

November: Government issues new Nakfa notes, with six week turnaround time before the old bills became worthless.

2011 —

UN imposes sanctions.

The military elite increasingly participates in the state's economic markets.

2002

Afwerki splits the country into 5 regions, leading to exploitation, corruption and the growth of black markets and smuggling rings.

Since independence, Eritrea has been ruled by one man, Isaias

Afwerki.

Libya

June: A flare up along the border with Ethiopia potentially kills hundreds, though no numbers are officially agreed upon by both sides. This is the worst

fighting in recent memory. There have been eight incidents on the border since 2011, not to mention

proxy conflicts.

January:100 soldiers, with two tanks in support, briefly occupy the information ministry. The regime cracks down after international attention has waned and the incident is classified as a Muslim separatist attack.

The country comes close to collapse, saved only after Canadian investment in mining and thanks to support (e.g. food and fuel) from 'rogue states'.

2001



15 prominent officials (the G-15) write an open letter criticizing the war with Ethiopia and demanding the president institute the 1997 constitution. The G-15 are then arrested. All journalists, opposition, and civil society members are imprisoned or exiled.

A closer look at 3 critical uncertainties

Political realities

Eritrea is characterized by:

a totalitarian political ideology with no viable alternatives

A secret police force with monopoly over mass communications, operational weapons, and all organizations

A highly centralized planned economy

a single party led by

and his collaborators

one man (Afwerki)

Economic Networks



Eritrea has never published an annual budget.



The black market thrives, especially on the border with Sudan, and benefits the military elite. Staple goods are extremely expensive and the possibility of a 'silent famine' is high.





Eritrea's strength at the moment lies in booming mineral exports alongside very low oil prices.

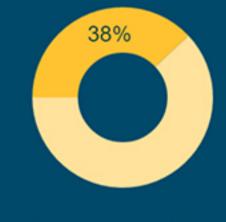
Expensive oil or a collapse in commodities could spark trouble for an Eritrea, a country which does not have the ability or the will to diversify its economy and open itself up for stronger growth.

"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."

80%

In a good year Eritrea can only meet 80% of its food needs.



Remittances account for up to 38% of Eritrea's GDP



1 in 3 households is dependent on remittances

Migration concerns

Eritrea is one of the fastest emptying countries in the world

Nearly half a million Eritreans reside outside their country

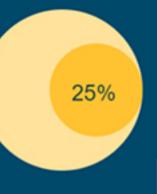


live outside

of all Eritreans

used the Central Mediterranean route

In 2015 39,162 Eritreans



In 2015, 1 in 4 arrivals in Italy were Eritreans

2016, **6,076** Eritreans háve arrived in Italy, despite the targeting of Christian migrants by ISIS affiliates in Libya.

Between January and May

labour -- impacting agriculture, construction and manufacturing. Eritreans are only legally allowed to hold 5,000 Nakfa outside of the banks, which is not

Eritrea is experiencing a youth exodus

networks to leave the country.

-- the disappearance of whole generation of

Refugee numbers have not decreased in recent months despite the issuing of new Nakfa notes.

enough to access many of the safer trafficking

In Europe, Eritreans are afforded prima facie asylum status

The EU has discussed reverting this policy, due to concerns that Eritreans are leaving for economic reasons.

Through diplomacy and the setting up of the EU Trust Fund for Migration, European countries have tried to address migration concerns.

> New routes opening up in Egypt could move the flow of migrants from Eritrea toward the Eastern Mediterranean routes.



155,862 Eritreans in

Ethiopia

Kenya

Estimates coming out of Nairobi suggest that 5,000 Eritreans flee the country

every month

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 Yemeni Civil War, economic resurgence, and a Europe looking to end its isolation in

> order to stem migration.

Regional implications of Eritrea's return

Ethiopia



Biggest threat since the border war ended in 2000

Both countries host one another's various rebel groups in an 'enemy of my enemy' tactic.



Ethiopia has committed significant resources to keeping the Eritreans in check.

Tensions between the two will remain elevated with the possibility for a singlespark to ignite renewed

Djibouti

Djibouti has 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 Ethiopia and Djibouti have been close since.





and Djibouti remains closed and heavily militarized.

The border between Eritrea



Sudan

Omar al-Bashir is one of Eritrea's few allies in the region.



as any real ally.

The Sudanese may view the Eritreans as more of a headache to be prevented than

The two sides may engage in some faux antagonisms, but it is likely their position in the political marketplace will keep the border quiet for the foreseeable future.

The Gulf States

Eritrea allegedly has 400 troops engaged in the Yemeni Civil War alongside Saudi Arabia and other members of the Gulf Cooperation Council.

Somalia

Eritrea was sanctioned by the UN in part due to its support for



al Shabaab in Somalia.

Eritrea's support for Islamists may not come out of ideology but out of tactical considerations meant to undermine Ethiopia



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.

One should never believe that Eritrea has found a new strategic alliance. 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.

Post - Afwerki Scenarios



Managed Transition

- 1. The politico-military leadership manages a transition and maintains power.
- 2. 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.

3. 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.



Peace in our time

- 1. Reformers within the political-military establishment take control and declare a new start. 2. International relations
- become normalised. 3. Draw down of the military, ending the state of

emergency.

economy

4. Walking back of the national service. Trade and investment with the outside world starts again, maintaining the

national character of the



Chaos Reigns

the reformers and the hardliners within both camps. 2. The army fractures with

1. Battles open up between

some following specific commanders and some turning towards banditry. 3. Years of food insecurity

forces civilians to abandon

- fields under growing conflict. 4. Refugee flows increase drastically.
- 5. The politico-military elite fragments as the political marketplace unravels.



Protecting State interests 1. To avoid chaos neighbouring

- states look to fill the void with a chosen successor e.g.: Somalia.
- 2. Stability would be elusive, however, with the various statesupported factions looking to gain power. 3. The possibility that this
- scenario transitions to Scenario 3 (Chaos Reigns) is high.



Democratic Transition

- 1. Though unlikely Scenario 2 (Peace in our Time) could evolve into a managed democracy.
- 2. Under the 1997 constitution, the army is reformed and national service is rolled back.

3. If properly managed, ethno-

religious divisions could form the foundations for political parties, leading 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 years ago. However, the recent UN investigation into the state of human rights in the country shows that little has changed internally. The perennial problem in the Horn of Africa, Eritrea will now have to decide what it does with its emergent power.

