



HORN OF AFRICA

Egypt vs. Ethiopia

This is not a spread-trade recommendation but rather, a heads-up on a crisis that has been festering in the Horn since before the Arab Spring and now seems headed towards a messy dénouement.

1) While we have all been focused on the end-game of the Venezuela debt crisis, a meeting convened to resolve differences among Egypt, Sudan and Ethiopia¹ collapsed last week. A few days later, in his first public statement on the situation, **Gen. Al-Sisi declared the Nile “a matter of life or death.”**

“No one can touch Egypt’s share of water,” he continued. We are capable of protecting our national security and water to us is a question of national security. Full stop.”²

2) It is worth recalling that, relying on rights conferred under a 1902 treaty³, **Egypt has been fiercely consistent in its opposition any project that even threatened to divert or reduce the flow of the Nile** – its sole source of fresh water. Indeed, in 2010, then secret service chief Omar Suleiman was quoted as stating:

“If it comes to a crisis, we will send a jet to bomb the dam and come back in one day, simple as that. Or we can send our special forces in to block/sabotage the dam.”⁴

3) Given this implacable stance, it is remarkable that, **a little more than a year later, ground was broken on the Grand Ethiopian Renaissance Dam (GERD)⁵**, along the Blue Nile⁶. In a nutshell: the authorities in Addis Ababa had taken advantage of the turmoil in Egypt arising from the Tahrir Square uprising and its aftermath.

Since then, the project has advanced steadily. In May 2013, a short section of the river was diverted and **more than 60% of the construction phase is now reportedly complete⁷**.

4) However, Al-Sisi’s blunt warning indicates that there has been no change in Cairo’s position on the dam. In diplomatic circles, the phrase *“a matter of life or death”* carries a very specific subtext that, typically, telegraphs the intention to pursue a military solution to the crisis at hand⁸.

Should action follow the General’s words, the situation could spin out of control very quickly.

¹ I.e. the Nile’s major riparian States.

² As quoted in *“Egypt’s Sisi issues warning to Ethiopia over dam construction project”*, by *The New Arab*, Nov. 19, 2017.

³ Article 2 of *The Anglo-Ethiopian Treaty* signed May 15, 1902, provided that: *“His Majesty the Emperor Menelek II, King of Kings of Ethiopia, engages himself towards the Government of His Britannic Majesty not to construct, or allow to be constructed, any work across the Blue Nile, Lake Tsana, or the Sobat which would arrest the flow of their waters into the Nile except in agreement with His Britannic Majesty’s Government and the Government of the Soudan.”* Egypt, which had been a British dependency in 1902, claimed the rights conferred by the Treaty when it achieved independence in 1922.

⁴ Stratfor dispatch, dated Jun. 1, 2010 - “Attribution: a high-level Egyptian security/intel source, in regular direct contact with Mubarak and Suleiman”; as disclosed in *2012 Wikileaks release*.

⁵ The USD 5.2 billion project is located 500 km. north west of the capital Addis Ababa, in the region of Benishangul-Gumuz. Upon completion, GERD will be the largest dam in Africa: 1,800 m long, 155 m high and with a reservoir holding a 74,000 million m³ of water.

⁶ I.e. the main tributary of the River Nile.

⁷ As reported in *“Construction of GERD 60%”*, published by *The Ethiopian Messenger*, Oct. 5, 2016.

⁸ It is worth recalling that this was almost the exact language that Saddam Hussein employed, in the course of his meeting with U.S. Ambassador April Glaspie (Asst. Sec. of State for Near Eastern Affairs), on July 25, 1990, to signal his intentions vis-a-vis Kuwait.