



Ethiopia-Somaliland Deal:

Somaliland's Pathway to International Recognition

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Abstract

On January 1st, 2024, Ethiopia and Somaliland announced a historic Memorandum of Understanding (MoU) which promises to reconfigure the geopolitics of the Horn of Africa. The MoU grants Ethiopia access to the sea, in which it will lease 20 kilometers of coastline. In return, Ethiopia has agreed to recognize Somaliland, which also is due to receive a stake in Ethiopian Airlines. This agreement has significant implications for the foreign policy of Ethiopia towards Somalia, as it prioritizes its interests and those of Somaliland over historical ties with Somalia. The deal has been met with opposition from the Somalia government, which has declared it null and void. However, Somaliland's Ministry of Foreign Affairs has stated that the recognition marks a significant diplomatic milestone for the country. Relevant foreign actors and multilateral organizations have remained cautious in responding to the agreement, refraining from doing anything that might upset the status quo of Somalia's de jure authority, while also not explicitly condemning the contents of the agreement. The article explores the relationship between this historic MoU and Somaliland's evolving approach to acquiring long-awaited international recognition, arguing that the Ethio-Somaliland Accord marks a turning point for both countries. The success of the agreement, as long as the international communities support in resolving the potential disagreements arising from its alteration to geopolitical power relations, will determine the future of regional integration and cooperation in the Horn of Africa.

Key words

Somaliland, Ethio-Somaliland Agreement, Somalia, Ethiopia, International Recognition

Introduction

On January 1, 2024, President Muse Bihi and Prime Minister Abiy Ahmed of Ethiopia signed a Memorandum of Understanding (MoU) of Cooperation and Partnership between Somaliland and Ethiopia, granting Ethiopia access to the Red Sea and Gulf of Aden. During the signing ceremony in Addis Ababa, the Ethiopian capital, Abiy Ahmed stated, "We have agreed with our Somaliland brothers, and an MoU has been signed today," (Reuters, 2024). President Muse Bihi of Somaliland declared that in accordance with the agreement, Ethiopia would be the first nation to acknowledge

Somaliland's independence in the near future. (Reuters, 2024)." By signing this Memorandum of Understanding (MoU), Somaliland will lease Ethiopia 20 kilometers of its coastline. In return, Ethiopia will recognize Somaliland and receive a stake in Ethiopian Airlines. This unprecedented agreement, if implemented, promises to alter the status quo of Ethiopia as a landlocked country and Somaliland as a de facto state, two long-pursued goals. The deal constitutes a significant shift in Ethiopia's foreign policy towards Somalia, with Ethiopia, by formally recognizing Somaliland, signifying that it will prioritize its interests, as well as those of Somaliland, over its historical ties with Somalia.

Shortly after the agreement was reached, Somalia's government issued a statement declaring the deal null and void because of its alleged violation of Somalia's territorial integrity and unity. According to Mogadishu, Somaliland is still considered part of Somalia, and any attempt to enter into an agreement with it is unlawful. In a statement released by Somalia, "The Somalia government recognizes Ethiopia's actions as a blatant violation of the sovereignty and territorial integrity of the Federal Republic of Somalia" (VOA, 2024). In contrast, Somaliland's Ministry of Foreign Affairs released a statement avowing that "recognition marks a significant diplomatic milestone for our country' (VOA, 2024)". However, it is important to note that Somaliland and Somalia were two separate sovereign states at the outset of decolonization, prior to their unification under the Somali Republic in 1960, which came to an end in 1991 (historical contextual factors are explained below) (VOA, 2024).

Several multilateral organizations have taken a stance on the issue, including the Intergovernmental Authority for Development (IGAD), African Union (AU), European Union

(EU), Arab League, and Organization for Islamic Cooperation (OIC). While these organizations did not explicitly endorse the annulment of the agreement, they proposed diplomatic dialogue among all stakeholders. This approach supported Somaliland's case that international recognition should be treated as a regional and international concern, rather than a local issue between Somaliland and Somalia. Major powers, including the United States, United Kingdom, Denmark, the Netherlands, Egypt, and Italy, also responded to the agreement, reinforcing their commitment to Somalia's territorial integrity and unity while refraining from condemning the content of the agreement between Somaliland and Ethiopia.

This article explores the relationship between these developments and Somaliland's evolving approach to acquiring long-awaited international recognition. It argues that the Ethio-Somaliland Accord marks a turning point for both countries, with Somaliland poised to achieve international recognition and Ethiopia securing access to the sea. All signs indicate that the two countries are committed to implementing the agreement signed in Addis Ababa on January 1, 2024, and the success of the agreement will determine the future of regional integration and cooperation in the Horn of Africa.

1. Context Background: Somaliland's Statehood

Somaliland, a former British protectorate, was governed by the British empire from 1887 until it achieved independence on June 26th, 1960 (Affairs 2016). At the time, colonial intervention had divided Somali territory into five political entities: British Somaliland, Italian Somalia, French Somaliland, the Ogaden (which came under Ethiopian control), and the Northern Frontier District (which is now part of Kenya). A pan-Somali movement emerged in response to these divisions, seeking to unite the territories within a single Somali nation-state. As a result, on July 1st, 1960, Somaliland, despite being internationally recognized as a sovereign, independent state, and Italian Somaliland united to form the Somali Republic, with the aim of incorporating the remaining three Somali territories into an eventual "Greater Somalia".

However, the legality of this union was contested from the beginning. The Act of Union between Somaliland and Somalia was never ratified by parliament, resulting in an ongoing legal issue that casts doubt on the union's legality under international law (Somaliland Law, 2006). Ibrahim



Hashi, a renowned legal commentator in Somaliland, posits that the Act of Union was initially embraced by Somaliland; however, it failed to gain endorsement from Somalia. This absence of endorsement rendered the Act of Union devoid of any legal efficacy within Somalia (Somaliland Law, 2006). In 2005, the AU sent a fact-finding mission to understanding the case of Somaliland and concluded that “The fact that the ‘union between Somaliland and Somalia was never ratified’ and also malfunctioned when it went into action from 1960-1990, makes Somaliland’s search for recognition historically unique and self-justified in African political history” (Union, 2005). To this day, Somaliland’s elected leaders, such as sitting president Musa Bihi, refer to this legal determination as justification of Somaliland’s independent legal status (MMTV, 2024).

On May 18th, 1991, following a ten-year-long war between the regime of Mohamed Siyad Barre and the Somali National Movement (SNM), representatives of the Somaliland declared the dissolution of the unlawful union, thereby reasserting Somaliland’s sovereignty, based on the borders established on June 26th, 1960 (Affairs, 2016). Somalia, on the other hand, descended into violence and political disorder, leaving the territory without an internationally recognized government until 2012 (Parliament, 2013). That year, the United Kingdom organized a conference with the aim of initiating talks between Somaliland and Somalia, two distinct political entities that had been separate since 1991. The first talks were held at Chevening House in the United Kingdom in 2012, followed by 11 more talks in the United Arab Emirates, Turkey, and Djibouti over the course of the past decade.

However, all of these talks proved unproductive due to the lack of commitment from Somalia, which failed to implement low-level agreements reached on issues such as airspace management. The last meeting was held in Djibouti on December 28th, 2023, where an agreement was reached to discuss issues of unity and separation. However, a few days later, President Muse Bihi of Somaliland traveled to Addis Ababa, the capital of Ethiopia, and reached an agreement between Ethiopia and Somaliland on Ethiopia's access to the sea, in which Ethiopia was offered control (lease arrangement) over 20 kilometers of coastline in exchange for international recognition of Somaliland. The government of Somalia contested the agreement between Somaliland and Ethiopia, claiming that Somaliland is a part of Somalia, and thus ineligible to enter into a pact with Ethiopia. However, this viewpoint does not align with the prevailing situation on the

ground, as Somaliland has operated as an independent, de facto state, separate from Somalia, since 1991.

2. Ethio-Somaliland Deal: Drivers and Players

The agreement between Ethiopia and Somaliland had been in the planning stage for several months before its announcement, and is motivated by several factors that have the potential to positively impact Somaliland's political independence and Ethiopia's ambition to access the sea through peaceful means. For Somaliland, which has for three decades fallen short in its ambition for international recognition, the slow rebuilding of a Somali federal system next door hostile to Somaliland independence has increasingly been viewed as an existential threat. At the same time, the increasingly multipolar nature of global power opened new opportunities for Somaliland to seek allies from amongst those willing to alter the international status quo. On the other hand, Ethiopia's pursuit of access to the sea has been a longstanding goal of the Ethiopian government, and all its coastal neighbors have declined Ethiopia's request for access. These two main factors are the primary drivers of the new agreement between the Somaliland and Ethiopia.

2.1 Ethiopia's Ambition for Access to the Sea

In an article published by the Academy for Peace and Development in December 2023, Dr. Mohamed Farah Hersi, argued that Ethiopia's quest for access to the sea was fundamental for the Horn of Africa's regional security, cooperation, and economic integration (Hersi, 2023). To quote at length from the article's basic assessment of the motivations at play, which preceded the announcement of the Ethio-Somaliland MoU by several weeks: "Given the stakes of the issue, it is clear that an increased understanding of Ethiopia's pursuit of access to sea is necessary. However, it is equally important to consider the implications of this pursuit for Ethiopia's national security and economic interests. As a landlocked country, Ethiopia seeks access to the Red Sea or the Gulf of Aden to ensure continued economic prosperity, particularly through the desire to have sovereign security over its resources, trade, and transit routes. Most importantly, the excessive port charges that Ethiopia must pay to neighboring coastal countries to make use of their logistical services have hindered Ethiopia's growth; Prime Minister Abiy Ahmed himself

recently noted that the amount of money spent on these charges could be used to build the Renaissance Dam every three years” (Hersi, 2023).

In light of these dynamics, the Ethiopian government initiated diplomatic talks with the coastal countries of Eritrea, Somalia, Djibouti, Kenya, and Somaliland to negotiate a mutually beneficial agreement, focusing on establishing a naval base and diversifying the use of commercial ports in their respective countries. Although most coastal countries could not arrive at mutually agreeable terms with Ethiopia, the offer was a game changer for Somaliland, given their unique need for international recognition. Furthermore, after placing much economic hope in the revitalization of Berbera Port through investment by DP World, a United Arab Emirates-owned port operator, greater partnership between Ethiopia and Somaliland on coastal arrangements promises to deepen economic cooperation between the two countries. (Hersi, 2023).

2.2 Somaliland’s Quest for International Recognition

For over 30 years, Somaliland has sought recognition from the international community but has yet to achieve this goal. The primary obstacle to Somaliland's international recognition has been A) Somalia's opposition to an independent Somaliland, B) wariness from the Intergovernmental Authority on Development (IGAD) over supporting separatist movements among member states (which Somaliland is often grouped under, despite its unique experience as a former independent entity), C) the African Union’s (AU) rigid policy on redrawing state boundaries, due to the potential risks of opening a "Pandora's box," and D) the post-Cold War unipolar global order, which has made the case less attractive to the Western world and has led to Arab interests in maintaining a unified Somalia to counterbalance Ethiopia's influence in the Horn of Africa region. Nevertheless, while recognition was off the cards, Somaliland used cooperation with the international community on practical matters such as counter-terrorism, anti-piracy, migration, and humanitarianism as a means to slowly raise its status as a de facto legitimate government.

However, with the recognition of a Somalia federal government in Mogadishu in 2012, and the resulting international support to the government in terms of defense, economic growth and state building, Somaliland has increasingly concluded that its state sovereignty and security are at risk. Indeed, over the past decade, both Mogadishu and the international community’s staunch commitment to a “one Somalia policy” represented an existential threat to the gains in

independent, democratic governance that Somaliland has achieved. Consequently, Somaliland's leaders chose to adopt a new approach to alter the existing circumstances and bring the country closer to regional and international diplomatic platforms to actively campaign for the achievement of its objective of de jure recognition. The MoU between Somaliland and Ethiopia represents a significant achievement in this direction, not only by securing Ethiopian commitments regarding recognition, but by demonstrating Somaliland's legitimacy and capacity to engage in direct bilateral diplomacy, without intervention from Mogadishu. Additionally, by reaching a mutually beneficial solution, Somaliland and Ethiopia are now better positioned to cooperate and collaborate than ever before, and prospects for regional economic integration in the Horn of Africa have improved significantly.

2.3 United Arab Emirates and its Regional Influence in Horn of Africa

The United Arab Emirates (UAE), with its abundance of resources and influence in the region, has been an active player in the regional integration of the Horn of Africa, with a major focus on Ethiopia and Somaliland. Unlike Somaliland, the UAE has diplomatic and political influence over Somalia, which it sees as an important partner because of its rivalry with Qatar. At the same time, it has made major investments in Somaliland, including Berbera Port's modernization, and the construction of a free zone, industrial park, military base and the Berbera corridor, a road that connects Somaliland to Ethiopia.

Equally, the UAE and Ethiopia has concluded several MoU's since Abiy Ahmed came to power as the Prime Minister of Ethiopia. Among these agreements was the cooperation between DP World and the Ethiopian government, which made significant investments in the Port of Berbera. (Ecofin Agency, 2023). Cooperation between the UAE and Ethiopia represents a significant strategic partnership aimed at countering China's Belt and Road Initiative (BRI) in the region, particularly in Djibouti, which serves as China's gateway. However, China's stake in Djibouti, where it has invested in ports and railways, as well as its only overseas military base, also entails a strategic interest in Ethiopia as the region's dominant power and economic hub. According to the Congressional Research Service, China has provided nearly \$1.5 billion in financing major infrastructure projects in Djibouti since 2000. Among the projects being built by Chinese firms is a \$3.5 billion free-trade zone (FTZ), which is expected to be Africa's largest. The first phase was completed in 2018, and was expected to create 200,000 new jobs and handle over \$7 billion in

trade from 2018 to 2020. Three Chinese companies have stakes in their FTZ alongside Djibouti's port authority (Service, 2019). Competition for regional power over the Red Sea, Gulf of Aden, and the Horn of Africa has led to China and the UAE emerging as major rivals. Nevertheless, while the deal between Somaliland and Ethiopia will primarily benefit the UAE, it is believed that China's interest in boosting the economic potential of the wider region will supersede any competitive attempts to stand in the way of the deal.

3. Somaliland's Security Dilemma: Regional Security of Horn of Africa in Multipolar World Order

Somaliland, as an unrecognized de facto state, has maintained political stability over the past two decades through the adoption of a democratic system of governance and the holding of popular elections. Despite its ability to exercise sovereignty and secure its borders, its defense capability has been limited due to financial constraints and the absence of defense and security cooperation with other states, including Ethiopia. In contrast, Somalia, which claims Somaliland as part of its territory, has received international defense cooperation from countries such as Turkey, UAE, Ethiopia, Uganda, UK, US, and Qatar, which have provided training to their national army. As a result, Somaliland remains isolated and its defense capabilities are constrained. Furthermore, the United Nations Security Council lifted the arms embargo on Somalia in December 2023 after more than three decades, enabling Somalia to build its armed forces. Given the failure of talks between Somaliland and Somalia to resolve their differences, Somaliland has been compelled to take unilateral actions in its defense and foreign policy strategies aimed at overcoming its isolation and vulnerability.

The new deal between Somaliland and Ethiopia is thus about much more than economic development and integration between the two nations, but instead also relates to cooperation in the areas of security and defense, in order to counter Somalia's growing strength. On January 8th 2024, a delegation led by Somaliland's Chief of Staff of the Armed Forces, Major General Nuh Ismail Thani met with Ethiopia's Chief of State Field Marshal Berhanu Jula in Addis Ababa to discuss military cooperation between the two countries. That this type of cooperation is of a different scope and scale is evident in the fact that both parties tied this contact to the fulfillment of the recently signed MoU (Afrika, 2024).

In a region marked by persistent conflict and the absence of political stability, to have both Somaliland and Somalia building up military capabilities under circumstances absent constructive dialogue risks the possibility of conflict. The lack of a coordinated approach to Somaliland and its status, and Somalia's attempt to exploit this gap so as to isolate Somaliland, only makes conflict more likely. It is thus imperative for global powers to take advantage of changing relations between Ethiopia and Somaliland as a starting point for formalizing Somaliland's independent status, with Ethiopia serving as an anchor and balancing force between Somaliland and Somalia, thereby granting an equal and stable platform for the two Somali neighbors to negotiate cooperative relations. The Ethio-Somaliland MoU demonstrates that Somaliland's self-governance is inevitable and beneficial to the region, and now is the time to ensure that this transition happens through peaceful means, without fanning the flames of Somalia's current belligerent approach to impeding this reality.'

Rivalry between the United States and China is increasingly being observed in the Horn of Africa, particularly in Djibouti, which serves as a strategically vital military hub for Africa. Both nations have established military installations and outposts in Djibouti, located 174 km from Somaliland's border. However, diplomatic ties between Somaliland and Taiwan have strained the relationship between Somaliland and China, causing Beijing to view Somaliland's actions as unfriendly. In contrast, improved relations between Somaliland and Ethiopia are likely to enable the country to form expand alliances with both global powers, thanks to both the US and China's dual dependence on Ethiopian influence in the Horn.

4. Opportunities

Prospects for cooperation between Ethiopia and Somaliland are extensive, and it is crucial that such an arrangement proves mutually beneficial for both parties. It is imperative that Ethiopia's access to the sea does not come at the expense of Somaliland's economic progress, and that the two sides must work together to achieve a mutually beneficial outcome. The substance of the MoU focuses on three key areas: the implementation of the Berbera Port Utilization Agreement of 2016, defense and security cooperation between Somaliland and Ethiopia against potential external threats, including AS, and a fair-trade agreement that enables Somaliland's small market to access the rapidly growing Ethiopian market. Finally, the MoU will facilitate diplomatic



efforts at the IGAD and AU levels, where Ethiopia is to advocate for Somaliland as an independent state.

4.1 Berbera Port Utilization

In 2016, an agreement was reached between Somaliland and Ethiopia regarding the utilization of the Berbera Port. According to the terms of the agreement, Ethiopia committed to using the port for 30% of its imports and exports. However, while DP World, the third party in this agreement, fulfilled its commitment to invest in the modernization and expansion of the port, Ethiopia's 30% commitment still has not been realized. Within the framework of the recently signed MoU, Ethiopia has committed to routing 10% of its maritime trade through Berbera, which is significantly less than the 2016 agreement.

However, the MoU, by also entailing Ethiopia's potential development of its own commercial port, does not resolve Somaliland's (and DP World's) overarching desire to maximize commercial maritime trade through its Berbera Port. In the event that new ports need to be constructed, the same investment model adopted for the Berbera port can be used, where each party receives stakes in the new port, rather than Ethiopia demanding exclusive ownership. It is essential that the new agreement be commercially viable for all parties involved. Without a commercially viable agreement, the deal may not be implemented, and both parties will miss the opportunity to establish a fair, balanced, and mutually beneficial partnership.

4.2 Security Cooperation

The collaboration and alliance between Ethiopia and Somaliland have elicited concerns from Somalia and Al-Shabaab (AS), both of which have declared war against Somaliland and Ethiopia, asserting that the Ethio-Somaliland partnership undermines Somalia's sovereignty. Furthermore, AS accused Ethiopia of occupying Somali-owned territory that was granted by colonial powers, alluding to the Somali Region of Ethiopia. With these threats and potential threats from other countries, such as Egypt and Eritrea, which are displeased with Ethiopia's access to the Gulf of Aden and Red Sea, the stability and security of Somaliland and Ethiopia, as well as the broader Horn of Africa region, are at risk. Therefore, it is crucial for parties to establish a comprehensive security and defense partnership to prevent such threats and solidify cooperation that safeguards the interests of both sides.

4.3 Trade Agreement and Economic Integration

The significance of cross-border trade between Ethiopia and Somaliland cannot be underestimated. Trade is facilitated by three market chains: Qat, livestock, and re-export of consumer goods. Despite the absence of a formalized trade agreement between the two countries, informal trade plays a pivotal role in their commercial relations. The signing of the MoU presents an opportunity for Ethiopia and Somaliland to formalize trade relations, taking into account the substantial contribution of informal trade to the budget of the Somaliland government.

5. External Risks of the Deal for Somaliland

This section focuses on the external risks associated with the implementation of the MoU, which are more significant than the internal differences.

5.1 Al-Shabaab

Al-Shabaab (AS), an extremist group affiliated with Al-Qaida and prevalent in Somalia, pledged to launch attacks against Somaliland and Ethiopia in an effort to prevent the Ethio-Somaliland agreement. The group's spokesperson, Ali Raage (Ali Dheere), and a member of the Shura council, invoked religious themes and historical events in Islam, connecting Israel and Ethiopia in a campaign of "expansionism." In a chilling comparison, Raage drew parallels between the current Somaliland President Muse Bihi and the Banu Tha'qif tribe that guided the Aksumite (i.e. Ethiopian) general Abraha in his assault on Mecca in 570 CE. (Maruf, 2024). In contrast to Somalia, where it wields control over significant portions of territory, AS maintains no physical foothold in Somaliland. Nevertheless, dormant cells and inactive individuals would likely be prepared to serve AS if they are to launch an attack on Somaliland.

5.2 Somalia

Upon the announcement of the MoU, the government of Somalia issued an official statement expressing its disapproval, asserting that Somaliland is an integral part of Somalia and cannot enter into any agreement with foreign entities. The Somali government specifically objected to the prospect of Ethiopia's recognition of Somaliland as a sovereign state, which it perceived as a direct threat to its sovereignty and territorial integrity. However, it is important to note that Somaliland's

claim of statehood is grounded in historical and legal facts that are in no way dependent on Somalia's consent.

On January 3, 2024, Ali Mohamed, the acting Foreign Minister of Somalia, convened a meeting with diplomatic representatives in Somalia to lodge the Federal Government of Somalia's objection to the MoU. During the meeting, the acting Foreign Minister saw international law as falling decisively on the side of the inviolability of Somalia's territorial boundaries. Furthermore, he criticized Ethiopia for potentially strengthening AS, by linking the Somaliland issue to Ethiopian imperial ambition (Somalia, 2024). A resolution was passed during the Council of Ministers' Extraordinary Session on January 2, 2024, which was presided over by the Prime Minister of Somalia. This resolution included a call to IGAD, the AU, the Arab League, and the UN to protect Somalia's territorial integrity. The resolution also denounced the "egregious" actions of Ethiopia and affirmed Somalia's right to pursue legal remedies through all available channels in response (Somalia, 2024). Similar sentiments were voiced personally in public statements made by two former Somalian presidents, Mohamed Abdilahi Farmaajo and Sheikh Sharif, and two former Prime Ministers, Hassan Ali Kheyre and Mohamed Hussein Rooble.

In an effort to exert diplomatic pressure on Ethiopia, Hassan Sheikh Mohamoud visited Eritrea and Egypt, two countries that have historically had a contentious relationship with Ethiopia and saw the MoU as a threat to their strategic interests. Despite this, major global powers, including the United States, the United Kingdom, and the European Union, have adopted a more balanced stance on the matter, advocating for a peaceful resolution. It is noteworthy that despite the significance of the Ethio-Somaliland agreement as a strategic game changer for the Horn of Africa, Russia and France have yet to issue any official statements on the matter. Although none of the countries publicly condemned the agreement except Egypt, they expressed commitment to Somalia's sovereignty and territorial integrity.

5.3 Egypt

In 2019, Egypt proposed a deal whereby it would establish a military base in Somaliland (EelSheikh town) in exchange for international recognition. Somaliland declined this offer for several reasons. First, allowing Egypt to establish a military base would constitute an act of war against Ethiopia, and Somaliland was concerned about the potential security and economic

consequences of this deal. Second, Somaliland's security and economic cooperation with Ethiopia would be jeopardized, resulting in the loss of Ethiopia's diplomatic and practical support, which would be detrimental to Somaliland. Third, if relations between Somaliland and Ethiopia were to deteriorate, the UAE's interests in the region would be damaged. Egypt is nowhere near the economic or security partner to Somaliland that Ethiopia is, and Egypt has historically maintained a close alliance with Somalia and consistently supported Somalia's unity. At the same time, however, Egypt's geostrategic interests lie in the Red Sea region, which means it cannot ignore Somaliland. Given this context, Egypt has engaged in diplomatic engagement with Somaliland despite Somalia's consternation. Egypt's interests in Somaliland are thus threefold: to counter Ethiopia's regional influence, to secure access to the Nile by being close to Ethiopia's capital, and to control the Red Sea and the Gulf of Aden, which are essential for the security of the Suez Canal.

In light of its strategic interests, Egypt responded to the Ethio-Somaliland agreement by emphasizing the same need to respect for Somalia's territorial integrity voiced by Somalia's other allies. The Egyptian Foreign Ministry cautioned that any escalating actions or statements from neighboring countries could undermine stability in the Horn of Africa (Fayez, 2023). Due to the fact that Egypt's response was diplomatically restrained due to the lack of condemnation of the content and nature of the MoU, it appears that Egypt remains keen to maintain its diplomatic relations with Somaliland.

5.4 Djibouti

Over the past three decades, Djibouti has significantly benefited from Somaliland's lack of international recognition, positioning itself as the sole strategic power in the Red Sea and Gulf of Aden. The absence of strategic rivalry has allowed Djibouti to capitalize on both Ethiopia's reliance on its territory for access to the sea, and its strategic military and commercial importance to great powers such as the United States, China, and France as an African gateway to the Red Sea and Gulf of Aden. Ethiopia's heavy dependence on Djibouti for access to the sea is reflected in the fact that over 95% of Ethiopia's maritime trade is funneled through Djibouti, generating revenue of over one billion US dollars for the country (Bank, 2023).

The termination of the DP World's concession agreement by Djibouti in 2018 negatively impacted the relationship between the UAE and Djibouti. In light of Ethiopia's growing market and the

UAE's strategic interests in the Horn of Africa, DP World then shifted attention to the Berbera Port, also securing an agreement with Ethiopia to use the port in the future. This strategic cooperation among Somaliland, the UAE, and Ethiopia has repositioned Somaliland's geostrategic rivalry with Djibouti, creating tensions over the future configuration of power dynamics in the Horn of Africa (Reuters, 2018).

Djibouti was caught off-guard by the announcement of the Ethio-Somaliland MoU, which has further strained the relationship between Somaliland and Djibouti. Nevertheless, Djibouti has not taken an official position on the matter, and has proposed to continue hosting talks between Somaliland and Somalia (Osman, 2024). Djibouti's stance is influenced by three primary factors: Ethiopia's access to the sea through Djibouti, which is crucial to the latter's economy and its desire to avoid antagonizing Ethiopia; Djibouti's role as the host country for Somaliland and Somalia talks, making it inclined to maintain neutrality; and Djibouti's position as the current chair of IGAD, which it does not want to lose (Osman, 2024). Given these factors, it is difficult to predict Djibouti's actions, but it is evident that it is not supportive of the deal and will use diplomatic resources to obstruct it. The MoU's economic threat to Djibouti, combined with its diplomatic threat to Somalia, make these two countries allies in opposition.

6. Possible Scenarios

Three potential scenarios follow from the analysis presented in this report, each of which is feasible depending upon the direction each actor takes in attempting to achieve their policy objectives, with each side seeking to outmaneuver the others. Ethiopia seeks access to the sea, Somaliland aims for international recognition and a mutually beneficial commercial maritime agreement, while Somalia endeavors to impede both of these key objectives for Somaliland and Ethiopia. Can Somalia, with its current domestic challenges, effectively obstruct and prevail over Ethiopia and Somaliland? This paper examines each scenario and assesses its consequences.

6.1 Scenario I: Ethiopia and Somaliland Succeed through Diplomacy

In this situation, Ethiopia and Somaliland make the case for their deal via diplomatic efforts, both through bilateral engagement as well as at multilateral forums, including IGAD and the AU. The objective will be to overcome the diplomatic crisis between Somalia and Ethiopia, which stems



from Somalia's opposition to both Ethiopian access to Somali territory and the issue of Somaliland's recognition. Here, Somalia continues to appeal to de jure recognition of Somalia's authority over Somaliland territory. However, this case is undermined by several factors, such as (1) Somalia's inability to enact its claimed sovereign control over Somaliland by virtue of its lack of state capacity; (2) Somaliland's strong legal case for independence based on the historic dissolving of a failed union (for which there is much legal precedent); and (3) the extreme dependence of Somalia on outsourcing its sovereign power to foreign militaries and governments since the establishment of the federal government in 2012, of which the current Ethio-Somaliland MoU pales in comparison.

Furthermore, despite Somalia's protests to the AU and IGAD, both organizations remain heavily influenced by Ethiopia and Kenya, reducing Somalia's influence within these bodies. Ethiopia holds particularly strong influence in the AU, given its location in Addis Ababa and Ethiopia's political and economic weight. Consequently, it is unlikely that AU organs and most of its member states, excluding certain outliers such as Egypt, will condemn and protest against the recently signed MoU.

It is equally unlikely that the United Nations Security Council would intervene in the issue, but would rather leave it up to regional diplomatic decision-making both of Africa and the Gulf. If these assumptions prove correct, implementation of the MoU between the government of Somaliland and Ethiopia should not face any significant obstacles, paving the way for Somaliland's path to international recognition and potentially inspiring other states to follow suit. The stance of Saudi Arabia, however, one of the key players in the region, remains something of an open question, and its direction could prove pivotal. Despite its support for the territorial integrity of

Somalia, Saudi Arabia has not expressed any objections to the content of the MoU. Therefore, if both Saudi Arabia and the UAE do not object to the MoU, it is likely that the agreement will be successfully implemented.

If the diplomatic crisis between Ethiopia and Somalia deepens, or if the prospect of armed confrontation or instability becomes more likely, the AU may have to step in and attempt to address the situation. This may have to positive consequence of finally placing Somaliland's case on the



agenda of the AU, as a matter of great concern. Given the failure of the bilateral talks between Somalia and Somaliland that were sponsored in 2012, and which continue to be weakly appealed to by the international community today, placing responsibility in the hands of the AU to finally address the issue of Somaliland's status, alongside the backing of Ethiopia for this initiative, could finally provide an African solution to the Somaliland question.

At the regional level, alliances may realign, with Somaliland, Ethiopia, and the UAE forming a bloc against a possible alliance between Somalia, Eritrea, Djibouti, and Egypt. Within such a regional formation, Somaliland's role as a viable, credible and important geopolitical actor will become more visible, providing it with an opportunity to be granted a voice at certain regional organizations, both in the Arab world and Africa. It is possible that Somaliland may be granted an observer status at the Intergovernmental Authority on Development (IGAD) and the AU, allowing it to participate in discussions regarding the future of the Horn of Africa's regional dynamics, including by helping to negotiate regional governance and security architecture able to manage political change in a peaceful and mutually prosperous manner.

6.2 Scenario II: Somalia and its Allies Win the Diplomatic War

Under this scenario, the international consensus tips in Somalia's favor, with Arab countries being particularly influential in backing Somalia's conception of its territorial integrity. Without either the backing or tacit acceptance of the United States, European Union, United Kingdom, China, and Saudi to the contents of the Ethio-Somaliland MoU, it is unlikely that the deal will be implemented. In this event, Ethiopia may be forced to reconsider its position and withdraw from the deal, further isolating Somaliland.

However, while international actors have long subordinated the issue of Somaliland's status to its state building and anti-AS missions in Somalia, attitudes are starting to change. Not only is patience and financial support for Somalia's stalled efforts at self-governance running out, but there is also a growing recognition of the importance of the Red Sea, which has shifted the locus of gravity ever more towards Somaliland. As such, with the exception of those global powers who explicitly fear a strong Ethiopia, such as Egypt, it is likely that most of the international community will follow the lead of Ethiopia, and thus pursue a solution to the Ethiopia-Somalia dispute that

accommodates its desire to access the sea through Somaliland, even if it means taking Somaliland's independence claims seriously.

6.3 Scenario III: Internal Disagreements between Ethiopia and Somaliland Undermine the MoU

Even if Ethiopia and Somaliland are able to navigate external resistance to the MoU, the two parties to the agreement also face internal hurdles that could potentially obstruct a successful outcome. On the one hand, it seems that distance still remains between the two parties over what the recent MoU means for the Berbera port, and whether any commercial port made under full Ethiopian control might cut into Ethiopia's usage of Berbera port. Additionally, much will depend on the seriousness with which Ethiopia carries out its pledge to support Somaliland's recognition, which is a much more uncertain and complicated process than the building of commercial and military infrastructure. Third, much will depend upon the financial support that Ethiopia is able to obtain for carrying out this significant investment in infrastructure. Lastly, domestic politics in each country will also play a significant factor, with the various antagonisms between Abiy

Ahmed's government and the Tigrayan and Amhara communities serving as a constant source of instability and distraction, while Somaliland has seen opposition to the deal among certain constituencies and political groupings, even if the general atmosphere is one of overwhelming hopeful expectation regarding the potential for international recognition.

7. The Way Forward

In light of the above analysis, the following main recommendations can help guide the implementation of the MoU between Somaliland and Ethiopia.

Adherence to the agreed stipulations the MoU: The primary objective of the MoU is to provide sea access to Ethiopia through lease arrangements while acknowledging Somaliland's sovereignty. The two vital national interests of Ethiopia and Somaliland remain unchanged, and diplomatic engagement aimed at dialogue with Somalia will not alter these dynamics. As such, any diplomatic engagement by the parties and the international community in the aftermath of the agreement is not to alter the content, but to build such an agreement into a new governance framework for

regional integration, one that recognizes Somaliland as an equal partner and which reinforces Ethiopia as a key maritime player. Furthermore, it is crucial for both parties to conduct the process transparently and the final agreement must be ratified by the respective parliaments.

Deterrence against external threats: Given the threats by AS and Somalia to violently derail the MoU between Ethiopia and Somaliland, not out of a respect for international law or regional stability but instead as spoilers to regional economic and political progress, it is imperative for international and regional actors to support Somaliland's security apparatus in counteracting any potential attacks. With Somalia militarizing its border with Somaliland, ratcheting up its bellicose rhetoric towards both Somaliland and Ethiopia, and scaling up its clandestine incitement of clan conflict within Somaliland, it is vital that all external parties work towards ensuring that these potential spoilers are restrained, instead handling all disputes through regional bodies such as IGAD and the AU, with Somaliland participating as an independent and equal stakeholder.

UAE engagement: The UAE serves as a strategic partner to both Somaliland and Ethiopia, with a regional strategic focus that aims to access Ethiopia's growing market through Somaliland and control the Red Sea and Gulf of Aden. These two grand strategies are of utmost importance to the UAE, and any negotiations between Somaliland and Ethiopia have a direct impact on the UAE's strategic interests in the Red Sea and Gulf of Aden. As such, the UAE's engagement is crucial and instrumental in the successful implementation of the agreement between Somaliland and Ethiopia. 9220706 For Somaliland, it is vital to address the UAE's strategic interests within the framework of its national interests.

AU's engagement: In 2005, a fact-finding mission was dispatched to Somaliland, resulting in the release of a report that outlined the future of Somaliland's statehood. The report emphasized that the AU acknowledged Somaliland's unique case, and that this case should be assessed from an unbiased historical perspective and a moral viewpoint that takes into account the aspirations of the people. The mission urged the AU to devise a special approach for dealing with Somaliland, affirming that Somaliland's status was not connected to the potential consequences of opening a "Pandora's Box" in Africa (Somaliland, 2016). Due to the limited international interest in the case of Somaliland and Egypt's objection to its statehood, the report on the matter was never presented to the Heads of State of the AU and was instead buried upon arrival. As a result, the AU's



engagement with Somaliland diminished, and Somalia's recognition by Western governments in 2012 further weakened the AU's address of the issue. However, with the recent agreement signed between Somaliland and Ethiopia, it is hoped that the AU will address the case of Somaliland more practically, with Ethiopia serving as a lead sponsor and advocate of the case.

Mutual economic benefits: This new arrangement presents Ethiopia with a significant opportunity to establish a naval presence in the Gulf of Aden and the Red Sea, which marks a significant departure from its lack of presence on the Gulf of Aden and the Red Sea. Additionally, Ethiopia will gain a commercial maritime advantage over other ports where it currently has no stake, as it now has a stake in Berbera. Furthermore, if additional ports are constructed, Ethiopia will have a stake in those as well. For Somaliland, the agreement brings international recognition from Ethiopia, which should serve as a catalyst for wider recognition, given the policy of countries such as the UK, US and others to defer to the region and Africa on the Somaliland issue. However, the success of this agreement hinges on a fundamental question: is Ethiopia willing to negotiate a fair deal in which it transfers 70% of its maritime trade to Somaliland in exchange for a stake in its ports, or does it only want to establish its own commercial port without utilizing Somaliland's ports? If the answer is the latter, Somaliland will not be interested in pursuing the agreement. However, if the answer is the former, Somaliland will be able to negotiate jointly with the UAE and move forward with the agreement with Ethiopia. It is crucial that the agreement is economically viable for both parties, and not solely beneficial to Ethiopia.

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