

Interview with President Isaias Afwerki



President Isaias Afwerki gave an interview to the national media outlets on the 22nd and 23rd of January on the occasion of the New Year focusing on all-round developments inside the country as well as regional and international developments. Excerpts of the interview follow:

Q. Mr. President. Congratulations on the occasion of the New Year. The year marks the Silver Jubilee of Eritrean Independence. The Independence Torch has already begun the journey from Nakfa. In this connection, we intend to conduct, at a later date, an interview

with Your Excellency on your appraisal of the achievements registered institutions in the country? in the past 25 years since independence. For now, we will focus on current domestic and regional issues Let's begin with the recent measures that the GOE has taken in regard to the redemption of the national currency. What impact is this measure expected to entail on economic growth? What are the associated specific policies and regulations that will be taken by the financial

President Isaias: First I would like to convey my best wishes for a Happy New Year to the Eritrean people at home and abroad. Currency redemption is not an end in itself. The underlying objective of the measure is to spur and bring about overall economic restructuring. The pertinent questions that arise here are: what does economic restructuring imply? What are the reasons that underpin economic restructuring? What are the anomalies that economic restructuring will redress? And what are the modalities and methodologies that must be pursued? One of the tools that can facilitate the restructuring process is of course the currency. Again, it must be stressed that currency redemption is not a silver bullet or panacea for addressing or restructuring all economic distortions and anomalies. But it is an essential and indispensable tool for rectifying several distortions in the economy. As such, the introduction of new currency notes will serve as a catalyst or initial set of measures for bringing about the desired economic adjustments. The process is being implemented now after long preparations.

Full restructuring will require and be predicated on comprehensive assessments of prevailing economic distortions that include: irregularities in the exchange rate of the Nakfa, inflation, fiscal imbalances, and other undesirable trends that aggravate the living conditions of the citizens. These are problems that have accumulated over time. In the event, the solutions that must be proposed must be rooted on exhaustive and accurate diagnosis of the underlying causes. These causes can generally be classified into three categories. The first cause can be attributed to external subversion that has been going on for the past 18 years. These include obstacles to our saving and development programs, rendering monetary policies ineffective,

instigating unwarranted depreciation of the Nakfa, establishing Banks for illicit transactions, weakening local financial institutions, encouraging illegal and cross border trading and the like. These subterfuges fall within the general scheme of external subversion and constitute the first factor that has impacted negatively – with variably intensity – on our economic growth.

The second factor is speculative practices by few players who have exploited and profited from prevailing difficulties and aberrations inculcated by external subversion. These practices have resulted in spiraling price hikes, a rise in the cost of living, depreciation of the Nakfa etc. with deleterious consequences on the country's economic growth and the well being of the general population. This phenomenon must be accurately identified and appraised, in tandem with the first factor, in order to gauge the damages that it has entailed.

The third and principal factor is the subjective or internal factor that has ensued from the policies and practices of government institutions. Poor institutional performance, starting from budgetary implementation to the lack of proper tax collection have aggravated the problems of inflation and weak currency, thereby providing operating space for the destructive two factors cited above. These are, broadly, the bottlenecks that characterize the prevalent situation.

If we agree these are the main factors, how do we bring about the economic situation to normalcy? Exchange rate is not something to be decided at will. There are standard and determinant parameters that regulate its value or rate at a given point in time. It shouldn't have gone up or down on speculative grounds or through external ploys. This has to be corrected. By and large, these were the main factors for inflation, or the rise of the cost of consumer goods and the resulting pressure on the living condition of citizens of this country.

Irrational price increases on a range of items, from house rents to essential foodstuff, have occurred even when the overall economy was basically healthy. And recently, they began to circulate forged Nakfa

currencies that came from abroad. This was prompted by ulterior motives; in order to claim that the economy is in ruins; in order to instigate the perception of the onset of a debilitating crisis. In this context, the introduction of the new Nakfa currency notes is timely and part and parcel of the structural adjustments that must be taken to strengthen and invigorate the economy. Naturally, the issuance of the new Nakfa currency note will not, in itself, bring about miraculous economic change.

Other supportive measures must be taken to bring about the desired changes. Indeed, there are additional measures on monetary policy; there are measures envisaged for monitoring and regulating the exchange rate of the Nakfa; there are parameters in place to closely monitor and regulate the cost of living; there are yardsticks in place to gauge prices of consumer and non-consumer goods. In brief, there are a gamut of policy instruments and contingencies that will be applied in time. As I stressed before, currency notes redemption is not expected to bring about miraculous changes. We have to be cautious and evaluate the impact of the new currency on the economy vis-à-vis the supporting policies for economic restructuring.

Positive signs are already emerging. But we cannot be complacent. We should not expect the external ploys to stop in a short span of time or market speculative practices to end abruptly. We have to be vigilant and be prepared for all eventualities. We have to repair the weakness witnessed on the part of the public institutions. In this regard we have policy measures and contingencies. We need to meticulously evaluate the impact of individual measures; the aggregate result of several measures; their relative and interactive influences; and, above all, whether the desired changes are being achieved as a result of all these measures. But I do not want to draw hasty and premature conclusions at this stage. It is too early – in fact only one month – since the introduction of the currency changes. So we should take our time to gauge the impact. But one thing is certain; distortions and anomalies will not be entertained any more.

The policy measures that are to be taken may not serve the vested

interests of those who wanted to exploit prevalent weaknesses to their advantage. But we will not allow the repetition of mistakes that occurred once. Negligence or lax regulatory mechanisms, or good intentioned policies that were misconstrued for ulterior motives will not be repeated. We have to bring about radical changes in the way we do business so as to prevent speculators from manipulating the situation. This cannot, obviously, be done through one single law, resolution or instrument. This will come about in a process. Hence, the issuance of the new Nakfa currency note has multi-layered facets, dimensions and objectives. Its real impact can only be gauged with time.

Q. Mr. President, what developments can we expect in the exchange rate of the Nakfa? And what will be the likely trend for market prices in the period ahead?

President Isaias: What are the conditions in the market now? What is the current exchange rate of the Nakfa against foreign currencies at this point? Personally, I have not been following the fluctuations too closely. The official exchange rate has not changed. Is this fixed exchange rate reasonable? Will it be possible to maintain it that way? A number of views have been floating in the past 10 years. What should be the optimal or realistic exchange rate of the Nakfa? Some would emotionally say that the exchange ratio between Nakfa and the Dollar (US) should be one to one. However, can one realistically maintain the official exchange rate under the conditions of weak regulatory environment by the country's financial institutions and where the circulation of the currency is abnormal and spiraling out of control? If one pursues a floating exchange rate, what are the yardsticks and parameters that will determine the appreciation or deprecation of currency? And, why? Apart from domestic economy, how would regional economies impact it? How would trade and economic interactions at regional level and beyond be assessed? Is it possible to control the exchange rate, if illegal banks that are beyond the control of national financial institutions have been mushrooming in neighboring countries? This was the reality in the past when the Nakfa exchange rate spiked to 70, 60 and 50 respectively. How could you stabilize irrational and

unlawful exchange rates that were willfully destabilized by speculations and rule of the jungle? And, is this the only issue?

How do you handle the official and unofficial exchange rates inside and outside the country? Since the exchange rate is one of the most important manifestations of a country's relative level of economic and trade relations, investments as well as economic growth, it is clear that it has to be normalized. This has been challenging before for the reasons cited above. But, how is the current situation? Many are saying that the "black market rates have plummeted and the Nakfa has appreciated substantially..." However, is it possible to reach such a conclusion in such a short period; that is barely one month? The apparent depreciation of hard currency could be temporary response to the new realities. As such, it requires careful assessment. The exchange rate is of interest, in different ways, to all Eritreans inside and outside the country. The nationals may need to assist their family members and apart from that to participate in different development undertakings. Above all, balanced exchange rate mostly is for the interest of nationals working in government institutions and who earn their living on the basis of fixed salaries. The relevance of currency changes and associated monetary policies are ultimately measured on the basis of their beneficial impact on the living standards of families and every citizen of this country. In this respect, we need to carefully work out and strictly adhere to emerging regulations that will govern the newly introduced monetary policy so as to achieve the envisaged goals. We should not, however, resort to hasty collusion. Impact assessments must be done rigorously with patience. The trends we are talking about are those of a few weeks and let us give ourselves more time and space

Q. Mr. President, the measures taken already may not bring about a miraculous solution. However, prices of some consumer goods have declined sharply. What could be the reason? How can sustainability of the trend be secured, and, what other measures to stimulate similar price reductions in other consumable items?

President Isaias: The details are available with the concerned bodies. What were the prices of millet, sorghum, maize, teff, wheat and other

local products or imported ones in markets of different areas of the country prior to the currency change? What were the causes for price fluctuations? And now if the price of a specific commodity has fallen, why has this happened? Is this correlated with demand and supply issues or is this largely dictated by speculative action? The analysis must be deep and comprehensive. Here, we are talking about primary perishable consumables including cereals, sugar, edible oil lentils and oil seeds, etc.

For imported commodities, fluctuation in global fuel prices is of course one determinant factor. This has ramification for the exchange rate as well as for the prices of various consumer goods and services. The availability or scarcity of liquid money in circulation may also have impacted prices of commodities. Changes in the inflow of foreign currency into the economy, in its diversified forms, may have also contributed to the price reductions seen in the past few weeks. There are numerous variables that could have influenced price behavior of the commodities in question. So one needs to examine all these intertwined variables in greater detail and over time before inferring a generalized conclusion or opinion.

Still, the current fall in prices amplifies that price rises in the past were mostly prompted by speculative conduct. Last year, we had a surplus harvest, particularly in the Southern Region. However, the surplus output was not reflected in concomitant price reductions in the market. Where did the surplus go? Was it stored in granaries? We have no clue on how it was appropriated by the merchants. The rise and fall of the prices in this case is determined by those who have stored it and not by the correlation between supply and demand or market rules. The fluctuation in prices is mainly a consequence of speculation. Hoarding to inculcate artificial shortages and to increase prices when people are hungry are of course unscrupulous ploys that are often practiced to glean exaggerated profits. If the Government and government institutions fail to enforce strict regulatory measures, speculative conduct spirals out of control. Profit margins in these cases hike without limits; not only by hundred or two hundred folds, but by one

thousand or two thousand folds. To revert back to the original question, is the current price reduction in certain food items due diminished speculative practices or because there is real adjustment of prices in a normative sense of the concept? The jury is still out and one needs to carry out meticulous analysis of all relevant factors to identify the real underlying causes and reasons.

Q. Mr. President, the Cabinet of Ministers decided, in its last session, priority programmes for 2016 will include focus on human resources, food and fuel oil supply as well as acquisition of machinery and public transport facilities. Can you please elaborate on these priorities and related government priority programmes for this year?

President Isaias: We have been acquiring, over the years, different resources including machinery, equipment, raw materials, oil, cement, enforcement bars, and other resources such as human resources. In order to effectively implement our priority programmes for 2016 and the period beyond that, we need to properly gauge the resources accumulated so far and those that will be garnered this year. Comprehensive assessments and appraisals have not been conducted in a meticulous way for a rather long time. As such, the first task is to conduct a comprehensive inventory of our resources; in terms of actual numbers, functional status etc. This applies not only to major capital goods such as machinery and equipment, but also to associated raw materials and intermediate inputs; both for those that are locally produced and those that are imported. Budgetary appropriations are dependent on this calculus. Revenue generation and how it can be augmented is another side of the coin.

Implementation of prioritized programmes is largely dependent on optimal utilization and management of our human resource. In this context, emphasis is placed on professionals and skilled manpower as they are the key drivers of economic growth. Skilled manpower is indeed critical for the efficient operation of machinery, equipment, and the effective utilization of raw materials, other resources as

well as budget administration. As indicated earlier, we have not effectively and objectively assessed our resources in general. In order to make 2016 a turning point, we need to systematically and thoroughly assess available resources as part of strengthening our implementation capacity. In the first place, we need to strengthen our human resources practices.

We have numerous college graduates (BA/BSc and diploma degree holders) and graduates of vocational schools and training centers who have acquired further experiences in various capacities. These aggregate competences will require painstaking assessment to determine our overall human resource capabilities. This is a major condition to have a refined plan for 2016. The overall resources that are at our disposal have been studied and sorted out. However, as stated earlier more emphasis has been placed on the proper assessment of human resources. To this end, the process of data entry related to human resources is under way. The intention is to ensure the right placement of human resources, especially the skilled ones. People must be assigned where they can be effective and productive. In relation to this issue, we need to question and assess what we have been doing in terms of placing the right person at the right place. Proper utilization of human resources is a critical factor towards introducing structural adjustments. In general, appropriate budget allocation is a critical factor for the effective implementation of our development plans and priorities.

The largest portion of 2016 budget will be appropriated to salary. Right placement alone is not enough. Employees must also be rewarded. From 2016 onwards, all those who have endured for long and sacrificed a lot need to be rewarded properly. No matter how this issue is prioritized or balanced relative to other top priorities, certainly it has to be among the top priorities. The other priorities include investments related to machinery, equipment and raw materials; transport and communication facilities; water supply; energy and essential social services. Failure to address the needs of human resource (public servants) has definitely negative effect on the realization of the other priorities. All the issues incorporated in the 2016 plan have to be viewed from the perspective of the framework that we need to revise the way we do things in order to transform the economy.

Q. Mr. President, you mentioned the issue of salary increment. When is this plan going to be implemented fully?

President Isaias: It has already started (in mid-2015). Those for whom the required information has been recorded in the database have already started receiving their new salaries. All government bodies have been informed to collect the required information of their respective employees. For an employee to be placed in the right salary category corresponding to his/her competence, the data entry process has to be accurate in accordance with the established criterion. If it is possible to retrospectively deal with the cases of those whose information has not yet been reported, it will be addressed accordingly. However, the required information has to be provided first.

With regard to the rationale of the salary adjustment, periodic salary adjustments that take into account the cost of living prevailing in the country have been overlooked for long. Consequently, while this has helped the country to stabilize its fiscal balance and catalyze the development endeavors, many people (the labor force in particular) have paid considerable price - sacrifices. Now the process of salary adjustment has been started to address the aforementioned concern. However, it has to be noted that the fact that the salary adjustment process has been started may not solve such a cumulative problem radically in a short period of time. This is the first step towards an incremental process of solving the problem on sustainable basis. The normal process will be restored gradually through continuous improvement based on objective assessment of the issues at hand. In sum, what matters more is not the digits of the salary an employee receives. Rather what matters more is what one can do purchase with the amount of the salary he/she receives – the purchasing power of an employee's salary. If inflation is not comprehensively addressed, and salary increment worsens the existing level of inflation, salary increment is useless to the employee.

Q. What measures will be taken along with the salary adjustment process in order to check inflation?

President Isaias: This is a broad topic and many policy measures can be proposed for addressing the issue. First and foremost, the regulatory and supervisory capacity of government organs has to be strengthened. There are many factors that influence the purchasing power of an individual's salary. The amount of salary is just one of the factors determining purchasing power. Therefore, to adequately address such problems, as asserted above, the regulatory and supervisory capacity related to taxation, measures aiming at ensuring price stability and the like have to be enhanced so that the purchasing power will not be dictated by unfounded speculation, which exacerbates the cost of living by escalating the prices of consumable goods. In this case, I believe the habit of saving has to be cultivated in order to counterbalance the effect of unnecessary consumption as the latter together with speculation worsen inflationary problems.

In such a situation where unjustifiable speculation prevails, one has to be aware of such invisible hands influencing the market. As a result, the effect of salary on the standard of living of public servants should be viewed and assessed from the perspective of such conditions as the ultimate (and net) effect of salary is combined with and can possibly be counterbalanced by other equally important dimensions of the economy. Therefore, more emphasis should be placed on stabilizing the overall economy and promoting productivity. Otherwise, the gap between the haves and the have-nots will be wide and this can have far-reaching undesirable effects. People's civic awareness in relation to public policy can also play a significant role. To this degree, regarding how the overall effect of the policies that are being introduced will look like in the coming months, it is necessary to conduct open public discussions.

Q. Mr. President, in regard to this issue, implementation capacity of government institutions and enhancement of productivity are,

indeed, critical factors. What plans have been designed to achieve these objectives?

President Isaias: This issue has been implicitly addressed in my responses to the previous questions. Strengthening organizational and institutional capacity in relation to agriculture, industrialization, provision of social services and other different sectors of the economy is a key factor that needs to be addressed properly. While a lot has been invested in relation to these issues, we still have a long journey to go. For this reason, our overall achievements and limitations in relation to lying foundational infrastructure such as adequate road networks, other dimensions of transport facilities, well equipped airports, energy, water supply (for meeting drinking, industrial and agricultural water demands) and other infrastructural projects have to be assessed meticulously on a case by case basis as these are the key drivers of economic transformation. The plans for 2016 and 2017 have to take into account such a situation. As discussed earlier, these infrastructural investments enhance our capacity to implement the plans we design. With respect to food security, it is determined not only by the efforts we exert, but nature has also a significant effect. To offset total dependence on rainfall, we need to give more weight to irrigation. Food security is not related to the harvest of cereals but also includes pursuing an appropriate livestock strategy.

Q. Last year's rainy season was not satisfactory in the entire region. Consequently, the countries in our region are experiencing chronic lack of food supply. How is our case in relation to this issue?

President Isaias: It may sound an exaggeration, but in reality we do not have such a problem. The reason is that in spite of satisfactory rainy seasons in the past years, we have been doing our best to further augment our food reserves. For example, in 2014 in general there was satisfactory harvest and particularly there was surplus in some regions. However, one should never be misguided by the good harvest of a single year. We cannot be complacent and relax the imperative of augmenting our food reserves and strategically addressing the

requirements linked to basic needs such as food and other basic consumable goods. Some countries have a ten year food reserve and food supply in lean years is tapped from this reserve. While we have not reached this level, it is important to cumulatively and proactively increase our food reserve to last from one-year to two years; this has to increase gradually from a two-year to a three-year reserve and so on. This is helpful when crisis happens. It means in our case, even when there is a budget deficit, food security will remain an utmost priority.

We endeavor to have a reserve of not only those produced locally but also for the basic imported items such as sugar. It does not mean that all our demands are met, but we have not faced serious shortage of such basic needs in the past years. It is because we proactively purchase the required amount of basic items. Such proactive measures are useful for offsetting the undesirable effects of unsatisfactory rainy season in 2015.

Q. Mr. President, the government has funneled huge investments for water infrastructure in order to increase agricultural productivity and thereby achieve food security. What additional investments are required in order to reach a stage of reliable annual harvests?

President Isaias: Annual demand and consumption in relation to different cereals, bread associated with increasing degree of urbanization and cash crops should be studied. Cash crops such as sugar are mostly imported. We are trying to transform agricultural practices by introducing irrigation so as to complement what is produced with the help of seasonal rainfall-fed agricultural practices. With respect to the investments related to the agricultural sector, however, there were some practices that could not be as effective to the extent desired, especially in relation to flood-water diversion projects. The effectiveness of such projects has to be measured in terms of their contribution in meeting the overall food demand in the country. When compared to such large scale projects, irrigation practices that we have been introducing in relation to small scale agricultural practices have been so far more effective. Actually, there are also improvements and useful lessons learned in connection to some large scale projects particularly and separately targeting vegetables, fruits, cereals, pulses

and cash crops. In sum, taking into account the size of areas that are being cultivated and effectively used for the said purpose, the annual harvest that has to be produced from the overall cultivated areas, and options available for producing different harvest types, we are in a transition stage. Taking into account different considerations (mainly infrastructural requirements), issues related to introducing effective and large scale irrigation practices are easier said than done. Laying down the foundational infrastructure related to irrigation is a considerably demanding task. The financial investment and, the regulatory and management capacity required for introducing effective irrigation practices are two major examples of the demanding tasks we are talking about. Securing adequate water, electric supply, competent manpower, research facilities, seeds, fertilizers, insecticides and the like are also major investment requirements associated with irrigation. Hence, we will need to invest much more to successfully introduce large scale irrigation projects. With regard to irrigation practices, while there is commendable progress (at least when measured from the perspective of a transition stage) in relation to the projects that are being introduced in the western economic zone, yet the opportunities (e.g. adequate water availability) in the large plains of the eastern zone have not been exploited to the extent required due to lack of infrastructure in the area. The area extending from Foro and Irafaile to Nakfa is opportune for irrigation practices and it must be cultivated. Nevertheless, the large investment required for making an effective use of such opportunities is also a major constraint.

In general, considering the overall investments in the areas mentioned above as well as the investments in the highland part of the country, there is steady progress. However, ultimately all the efforts or investments have to be measured in terms of their effectiveness or end results (what is actually produced). The litmus test will be the overall contribution they make in augmenting our food reserve of strategic items; the revenues that are generated which includes foreign currency savings and earnings both through import substitution and export promotion.

Q. In your address to the nation on the occasion of our

Independence Day celebrations, you intimated that the GOE had charted out comprehensive housing projects to tackle the problem in a holistic manner in both its urban and rural dimensions. What is the progress achieved to date?

President Isaias: The challenges are considerable when you gauge the gap between the prevailing demand and the progress made so far as well as the schemes that may be on the pipeline. The question of shelter is an absolute imperative in people's lives. Availability of housing is indeed the first parameter or yardstick for measuring the quality of life. And considering the huge aggregate demand we have in the country, I remain convinced that the progress made in the past is not adequate or commensurate to the prevailing demand. We have many developmental and infrastructural programs. In this context, the housing project should assume paramount importance in our infrastructural programmes. The chasm between the aggregate housing demand and the availability of affordable houses for rent in the market remains big. To alleviate this problem, the government duly formulated a strategy and blueprints for an appropriate housing programme. The blueprint looks good on paper. But the critical question remains the pace and extent of implementation. We have many development zones. In this respect, it is evident that the housing programme cannot be confined to Asmara alone as it is often presumed.

And even in Asmara, we have to identify the sites for major projects. The housing complexes under construction now using precast technology, or other relatively big housing projects built over the past years by foreign companies (the South Korean complexes), and, by several public construction companies are not enough. In the event, we have to envisage much larger housing schemes. But as it is, Asmara cannot accommodate new housing schemes with its saturated water, sewage, electricity and other social facilities. We will thus have to consider expansion into satellite sites around it with the entire necessary infrastructure – water, electricity, transport and social services. This is the appropriate approach for addressing the problem in the capital. In other regions too, we have to decide whether we should concentrate on

the already established cities and towns or in other places. We need to critically see if places like Massawa, Asseb, Mendefera, AdiQuala, Senafe, AdiKeih, Keren, Dekemhare, Tesseney, Barentu, and other towns can be further expanded to become the fulcrum of economic development zones. We think that designated economic zones with future prospects for the development of agriculture, manufacturing, tourism and other services on Eritrea's coastline should constitute another focus of new housing schemes or new cities and towns. We are already installing substantial and appropriate power and water supply infrastructure in these areas. The pace and scope of their growth is, of course, another matter. But there should be enough housing for those who want to settle in these areas either temporarily or permanently. The implementation of this strategy will pose huge challenges and requires time. The issue is how it can be implemented in phases.

One of the obstacles is lack of commensurate capacity that we have been able to acquire over the past years. There are also many other reasons. Plans are worked out but they are not implemented on schedule. In any case, what is important now is to look forward and formulate comprehensive nation-wide plans that can be implemented in phases and in prioritized manner through tapping our own capabilities as well as those of our partners. There is a huge gap between the aggregate demand and what have or can supply shortly. What can be done beyond 2016 and 2017? I do not want to be more specific and describe in detail plans and schemes that are on the drawing board. What I wish to emphasize at this juncture is that this is an issue of paramount importance and all government bodies, and other stakeholders who have the capacity, should gird themselves to expedite a lasting solution to the problem.

Q. Mr. President, the Government of Eritrea has been diligently working to stem the growth and eliminate corruption since independence under the motto of “zero tolerance to corruption”. Specific laws and institutions were also established at the outset to deal with corruption. However there have been cases of corruption that crop upevery now and then. What are the causes?

President Isaias: Quite simply the cause of corruption all over the world is greed. Corruption constitutes, undeniably, a major national security threat to any country and people. Corruption destroys a country, corrodes its social cohesion, widens the economic gap between the haves and have-nots to implant toxic polarization of society, squanders the resources and opportunity of the nation, and jeopardizes the rights of citizens. As such, it poses a major danger to any country. The underlying cause of national upheavals, including the global crisis we see in the world, is invariably corruption triggered by extreme greed. A handful of greedy individuals seek to appropriate the fruits of the sweat and toil of the majority populations. They become the causes of global and domestic crises. The turmoil they engender with their subtlety and sophistication is cannot be underrated. This cannot be taken lightly with mild reprimands. Undue leniency in handling the ailment early on will actually lead to an incurable disease that can undermine the nation's economy, stability and very survival, that is why "zero tolerance to corruption" is not a choice for us.

One cannot talk about nation-building or respect for the rights of citizens in a situation where corruption is tolerated and institutionalized. In our case in particular, all the sacrifices that our people have made to achieve our independence; all the difficult roads we have trodden; all the tribulations and challenge our people have confronted will have been in vain if we tolerate corruption. So, this is not an option. Nor is it something that we can postpone for a later time. It is a matter of existence to us. In recent years, we have seen some cases of embezzlement and theft of public property, and misappropriation of government budgetary allocations under various ruses. These are at times rationalized by "a high cost of living". But hard living conditions do not give one a license to rob. You can simply pinch what others have earned through sweat and toil. This country cannot be compared to any other country. The huge and precious sacrifices that our people have paid were in order to live in a stable country where their rights are respected and where they can enjoy the fruits of their labor. There is no greater crime than attempting to cheat and hoodwink a people who have paid so much sacrifice; who have trodden a long and arduous journey; and who have graciously displayed so much patience and resilience.

The fight against corruption will also require continuous vigilance as it will not be uprooted through a single effort. To conclude, our stance of “zero tolerance to corruption” is not surprising.

Q. While we are on the issue, what are the additional measures we have to introduce to our laws and institutions?

President Isaias The laws in any country are the means and instruments through which the rights and citizenship of the people are guaranteed. They also uphold and protect the equal rights and opportunities of the citizens; their economic aspirations and citizenship rights as well as the sovereignty of the country. The laws also contain provisions that regulate and punish illicit behavior. All laws should make the life and livelihood of every citizen fair and secure. The body of laws – Civil, Penal, and Commercial laws – that are enacted are meant to serve the purposes I have cited above. But enactment of laws is not sufficient in itself. Law enforcement capacity is an indivisible part of the process. On top of this, societal culture is also an important factor. Fortunately, we are blessed with a rich culture that is second to none. The acts of theft and corruption of a handful few is indeed alien to noble culture of our people. Furthermore, our laws have been revised and the people are debating on them. To raise the awareness of the people it is important that there has to be a platform for the people to participate and discuss on every aspect and articles of the law. It is a process that needs a continuous campaign. In the end that is how the dignity of the nation and the people can be guaranteed.

Q. In a recent interview, you had stated that the strengthening the PFDJ and the drafting of the constitution will be among the major tasks of the government. What has been done so far in that respect?

President Isaias: Here we are talking about a government system which is, in effect, the administrative system of the country. It is not a mere Constitution. The system is the means that will enable you to achieve the

desired goals. The system must respect and guarantee the rights of citizens; the sovereignty of the nation; and, the citizens' rights to equal opportunity. In a nutshell, the government system must ensure that the citizens have full ownership of their lives. We have no need for a government that is bought and sold by money; parliaments that are bought and sold by money, or a government official that is bought and sold by money. We cannot tolerate people who give precedence to their narrow interest to suppress and compromise the interests of the people; or sell outs. Manipulation of ballot boxes to win rigged elections and altering constitutions for self-interest is not something this country and people deserves. The people of this country deserve and aspire for much more. We have gone a long way; we have overcome many challenges. The task now is not to produce "a Bible or Koran". We have to cultivate a political system that will elevate us incrementally from the current to a higher stage and beyond. And this is not an undertaking that we are starting today.

The government system is not one that is beginning today. It has been developing from the outset. At this stage, what is required is a document that reflects our aspirations and that is based on our values and cumulative experiences. This document will not embody, all in by itself, the desired government system but will be reinforced by all the laws and regulations enacted so as to create the requisite complementarity. The entire structure, from the lowest to the highest levels, must be coherent and congruent with the desired objectives. The question is how do you design this structure? These specific documents are being researched and prepared. There are various topics that fall within the legal domain. Finally, it will have to be extensively discussed in minute details by the people and ratified through a referendum or some other mechanism. One year has already elapsed since the inception of the current process and the studies and research are ongoing. Once this is finalized and documented, further sensitization and in-depth discussions will begin. When this process is thoroughly exhausted, the ratification process will be set in motion.

Q. How about the tasks regarding the strengthening of the Front?

President Isaias: They are interrelated. There are several issues that crop up to mind; and I have addressed them in the past. Ultimately, sovereignty is the purview of the people. No external power can dictate the people's choice. It is the sovereign right of the people to choose the kind of political system they desire: single or multi-party systems. In our case, we cannot ignore our history and experiences and adopt a new system that does not reflect this culture. Government systems are established with some force as linchpin. The EPLF was not a political organization that came about through the personal whims of certain individuals or at some opportune historical juncture. But rather, it is a political organization that has relevance today, tomorrow and the day after. So its role in the political and government systems must be properly recognized. The issue is not about boasting of the stellar achievements of the past but what the Front can contribute to this process? But the Front needs to first strengthen itself and determine and clarify its future role to the public. This is being done simultaneously as the two process are intertwined and inseparable.

Q. What can we expect in this regard in 2016?

President Isaias: Political development is a process. It can have its own internal dynamics, with varying intensity, but it should not be seen in isolation from economic, security, or other developments. They are all interdependent. All the activities in different sectors of the country, the activities of PFDJ, national associations and government institutions, along with our diplomatic and media activities fall under political development. Even the challenges directed at us from foreign powers come under the political development process. Many of our political decisions and choices are not based solely on our preferences. They take into account, and are influenced, by the tempo and intensity of external belligerences and hostilities. In spite of these, we have to chart out and enhance own political, informational and diplomatic programmes for 2016; irrespective of external designs. So there are policies that we formulate in all these areas; and there are policies designed by external forces that have impact on us. For

instance, we were forced to struggle for our independence because we were denied our fundamental national rights in the 1940's. The support that the United States and Soviet Union gave to successive Ethiopian regimes influenced, to a certain degree, our political choices during the period of the armed struggle. Similarly, after independence, all the external hostilities and associated wars – the Hanish and Badme conflicts – had substantial impact on our policy choices. What we envisage for 2016 will take these into account and will be adjusted accordingly.

Q. Mr. President, the Eritrean Government recently issued a statement supporting the initiative sponsored by the Kingdom of Saudi Arabia to fight terrorism. Could you tell us the backdrop of the statement and its significance?

President Isaias: Our foreign policy statements and positions should not be understood in isolation or seen as knee-jerk reactions to changing or burning issues in our region. It is critical to understand the fundamental principles and parameters that inform and dictate our foreign policy towards our neighbors. These take into account our appraisal of regional developments and above all, they are designed to enhance our national security interests as well as our collective regional interests. We do not adopt incoherent and inconsistent positions that shift constantly with unfolding events. That may be the norm in other places but this is not how we operate. We are essentially dealing with a continuum.

Our foreign policy is predicated on our analysis of global developments of the last twenty five years as well as the preceding period. Eritrea's independence coincided with the end of the Cold War and the advent of a so-called new world order. There may be several perspectives and explanations on how the Cold War came to an end. What is relevant to us is what our aspirations are against the backdrop of the regional developments that have transpired in the last twenty five years; especially in the context of the escalation of conflicts and upheavals in our region that we see at this juncture. Every country, every people,

cherish stability and development; they aspire for wealth, prosperity and collective well-being. These are resources that must be gleaned through hard work, sweat and toil. Peace and stability are likewise secured through hard work; they are not gifts that drop from Heaven like “Manna”. Global interdependence – as we do not live in insulated islands – also dictates that we secure these benefits taking into account our collective interests.

We can enumerate a number of influencing factors and players for the chaos prevailing in our region in the past twenty-five years. From a global perspective, the contour of the prevailing uni-polar world is distinctively discernible. Bipolarity was the defining characteristics or hallmark of the global power balance in the period of the Cold War. What is often termed as the “West” (I don’t want to call it the US or Europe; it is actually the world of corporations) has emerged in its sequel. The dominant logic at that time was that an unassailable uni-polar power that will dominate the world for the next 50 years without rivalry or competition in the technological, military, economic and other spheres has emerged and is here to stay.

This new tendency replaced the philosophy that existed during the Cold War with ardent extremism. Many so-called philosophers, writers and politicians propagated the advent of this new uni-polar world order. The hallmark and driving force of this new entity is greed. The primary causes for the litany of regional and global turmoil that have been unleashed in the past 25 years can only be attributed to this power. Before the fall of the Soviet Union the war zone was Afghanistan. We might think Afghanistan is located far away and it doesn’t affect us. In reality it is the cause for the prevailing turmoil we are witnessing in our region. Then came the Iraq and Iran war. That also has its own dynamics. That war continued for about eight years. After the end of the war the adventurous policy of Saddam Hussein resulted in the invasion of Kuwait and that witnessed the interference of external forces. The conflict prevails to this day. The existing situation in Iraq, the creation of ISIS and other terrorist forces cannot be looked at in isolation. Recently, the world witnessed the so-called Arab Spring. No one

stopped to ask what the real cause was? Where is it heading? What change would it bring in this region? The situations in Tunisia, Egypt and Libya followed. The chaos we are presently witnessing has been in the making for over 25 years. Some philosophers call it 'creative chaos'. You create chaos and then you manage the chaos. This is the strategy of the uni-polar world system. You divide the world into different zones and sub-zones. There is one representative force in each zone and sub-zone. That was the main cause for the prevailing chaos in our region. The beneficiaries and players of the chaos at global level are many who perceive themselves as regional powers. There are different forces that instigate chaos and conflicts directly or indirectly with the support of some superpowers. If we look at the terrorist groups that surfaced in the name of Daish and Al-Qaida they are the forces responsible for the lack of stability, peace and the supremacy of international law in our region. And there are forces covertly working behind all this. There are a lot of propaganda and media campaigns being conducted to avert truth for the sake of prioritizing self-interest.

We can mention the causes in terms of force, country, government and what have you. All these events are documented. If we desire to have peace and stability in our region, it is of paramount importance that we work in cooperation and mobilize joint resources for our common interest. And for that it is important that we create understanding with the forces that we think have influence in the region. Working in isolation will not produce dividends. We should not expect foreign powers to work on our behalf for maintaining peace and stability in our region. Instead, we should create common understanding and work together for peace and stability by routing the elements that are creating instability in our region. In this case, the Saudi government is our partner. This partnership is not something that emerged after the so-called Arab Spring. We have a similar policy towards Egypt and other countries in the region. The forces that pursue the support of the so-called superpowers in a bid to have influence in the region do not contribute to the peace and stability we aspire. Every country has its own priority and interests. We have the right to create relationships with any country but not at the expense of our common interest. We have to evaluate the contribution made in this region by Saudi Arabia, Egypt, Turkey, Israel, Libya and others in the

past 25 years. Were they allowed to mind their own business or were they victims of the interference of external forces? We need to come together, identify the basic problems and chart out common strategy to mend the predicaments that have been created by external forces. And for that to happen, we need to have sustainable and continuous engagement. And that was how we were working with the Saudi government. And that is not temporary but part and parcel of our long-term strategy.

The Saudi government has declared to combat terrorism. And that is something that has to be supported without pre-conditions. The elements of instability in this region should be routed out. We could talk about the mechanism and the resources available to tackle the problem. The main agenda is to get rid of terrorism from the region. Similar and failed initiatives were taken by others. It is said that an alliance led by the US was established against terrorism. Russia also took an initiative to form an alliance to combat terrorism. The reasons for the formation of the different alliances are numerous. The Red Sea region, the Nile basin, the East Africa region and the Arab peninsula are complimentary to one other. Especially the Bab-el-Mandeb and the Eden peninsula have attracted the interference of foreign forces in the name of protecting the 'international water way' and combating terrorism. This is one of the scenarios that emerged in the past 25 years. We are not opposing the existence of foreign forces in the area. What we mean is that the countries in the region, and especially those who have the influence and leverage, should take the responsibility of overseeing the peace and stability in the region. That is how terrorism and piracy could be eliminated. So far, no solution has been found with all the foreign interferences. But do the countries in the region have the capacity to assume the responsibility? Do they have a strategic plan to fight terrorism and piracy? What makes the Saudi initiative unique is that it is the initiative taken by countries in the region. And if properly handled, it could register progress and bring positive results. That is why we supported the initiative without reservation and pre-conditions. Will such initiative bring about timely solution is another issue. We have to contribute our capacity for the success of the initiative. The level of contribution might differ in terms of

power and resources but the need for cooperation is timely. If we want to see the end of the prevailing chaos over the past 25 years, we have to strengthen cooperation among the countries in this region. There is no other alternative for creating peace and stability in this region. If the situation becomes beyond the capacity of the region, they could then ask assistance from foreign parties. Those who say the countries in the region are not capable of enforcing the desired peace and stability should be asked to forward their justification. No country should be allowed to meddle and create chaos in the region. Hence, the Saudi initiative is one piece of the larger plan to fight terrorism.

Q. Mr. President, we are hearing that the divergence between the followers of Sunni and Shia Islam is growing. There is also conflict of interest. Our policy has been neutrality throughout the years. Don't you think that our support to the Saudi initiative is in variance with our long year's policy of neutralism?

President Isaias: Let me revert back to the point I raised earlier. The core problem in the past 25 years was imparting religious connotation to compound the underlying societal problems. Religion, be it Catholic, Protestant, Shia or Sunni, has nothing to do with the objective situation in the region. Religion is to be left for individuals and not for institutions. No excuse could be given to those who aggravate chaos after chaos in the name of ethnicity and religion. The people in this region have a long history of tolerance and living in harmony side by side in peace. The chaos created and manufactured between different political forces and countries should not be associated with religion. This has opened room for the meddling of foreign forces in the internal affairs of countries. The worst thing is that modern information technology is playing its part in exacerbating the situation. Unexpected hatred has been witnessed among peoples and countries in a short span of time that did not exist in the history of the region. This is one of the anomalies that should be corrected through joint action and partnership. Differences have been there for long. What use does it serve to stoke conflicts in the name of Christianity and Islam? It has nothing to do with the lives of the concerned people or future generations.

The genesis of the scourge is also associated with the sponsorship of Al-Qaeda presumably to put an end to the presence of the Soviet Union in Afghanistan. The misguided approach at the time was to use “Islam” as an instrument to change the situation there. What that has left in the past 25 years is obvious. In the same vein, the establishment of Shia Islamic State in Iran is the right of the Iranian people. To try to publicize such ideology for personal interest is the one that is creating problems.

A new phenomenon i.e. “our religion is the best” is emerging. With what religion or ideology could the killings of people and the conflicts among people be associated? This has to end through sustainable awareness-raising programs. We should not allow the forces with special interest exploit the situation for their vested interests. We are observing who is militarily and economically benefiting. The political forces and governments in this region should be aware of the prevailing situation and try to mend it through partnership.

Q. Mr. President, Eritrea's longstanding political tradition has been against joining any sort of alliances. In this context, how is the current support to the Saudi-led coalition seen?

President Isaias: It is not that we support an alliance. This stance is clearly mentioned in the announcement. It is a timely and positive initiative taken by the Kingdom of Saudi Arabia. And, it is an initial step that leads to better regional cooperation. It is not of a primary concern whether it is an alliance or not; or who has joined it and who has not. As unequivocally stated in the announcement, the initiative needs to be supported without any reservation. What would be the emerging trends and what are the forthcoming plans is yet to be decided through active and joint engagements. At its initial stage, it might have been described as an Islamic Alliance.

But we can also allude to different alliances consisting of forty, fifty, hundred or more members that have been announced in various

places in past times. Leaving such minor controversies aside and irrespective of whether it is seen as a religious or a secular alliance, we believe that the initiative has to be supported for the broader context of bolstering mechanisms and architectures of regional security.

Q. Internationalization of domestic affairs of States has virtually become a common occurrence. Direct military intervention under the umbrella of the UN or through the establishment of “coalitions”; these are often spearheaded by the major powers. How do we see the legitimacy or rationale of these trends in terms of fundamental pillars of international law?

President Isaias: The developments that have unfolded in the past twenty five years and the various mechanisms set in motion are our reference points for analysis of this phenomenon. In this respect, it is clear that domination of regional and international organizations has been one of the key tools employed by the protagonists of a uni-polar world order. The delineation of zones and spheres of influence, the associated designation of Anchor States is part and parcel of this configuration. Within this scheme, Africa has been divided into four sub-zones with four “Anchor States”. Similar proxy security architectures exist for Asia and other continents. The strategy also encompasses cultivation of influence and leverage of various international and multi-lateral institutions - UN, the Security Council, the World Bank, IMF etc. This is discernible even at the level of corporate priorities, guiding principles, managerial and other senior staff allocations, as well as other affiliations and networks that regulate the operations of these institutions. Let us look now at the separate events. Saddam's misguided policies against Iran (in the 1980s) could perhaps be explained in terms of regional power rivalry. The invasion of Kuwait and the conflagration that ensued was utterly unwarranted and a perilous act of folly.

Still, the invasion of Iraq under the false pretexts of possession of weapons of mass destruction (WMD) that Colin Powell flaunted at the time and accusations of Iraq's alliance with Al-Qaeda were not tenable as it is well-known today. The war that the US and the UK launched

without a supporting UN resolution can only be seen as a violation of international law. The military intervention in Libya under the pretext of protecting civilians is another recent episode. The issue is not whether Gadafi's leadership was in tune with the hearts and aspirations of the Libyan people. This is a matter that concerns the sovereign people of Libya alone. But a resolution was passed in the UN that allowed the invasion to take place. Many of the countries – big and small – that originally supported the launching of the attack have expressed regrets subsequently. International law must conform with and uphold the respect of the sovereign rights of countries and peoples. And, the sovereign rights of States and peoples comprise the territorial integrity, independence of the countries and unity of the peoples concerned,

The events associated with the “Arab Spring”; what transpired prior to these events as well as its sequel, fall into the same pattern. In a nutshell, respect of international law has been corroded for the most part of the past twenty five years of dominant uni-polar world order. Indeed, we have seen selectivity where international law is invoked when suitable and discarded in other instances. This is the reason why there are growing calls and consensus for the reform of the UN structure at the global level. The UN's structure needs to be rectified so as to meet and be responsive to the demands of 21st century; to promote and secure remedial and effective solutions to numerous regional and global problems.

We can also discuss about the former Organization of African Unity (OAU) that has become the African Union (AU) today. There are numerous regional and sub-regional organizations. All these organizations are virtually subordinated to the dominant and hegemonic power. Therefore, apart from the domestic issues of concern, the global order needs to be restructured anew if change is to occur. Huntington (writer of "The end of History"), Fukuyama (writer of Clash of Civilizations") and other philosophers had advanced, in their extensive writings, conjectures and postulations to convince us that the uni-polar world order is unassailable and here to stay. But, what is the reality on

the ground today? Were the predictions right? The unilateral world order is in a process of transformation. The influence of the dominant power is waning, so to speak. The multinational corporations too do not have the presumed capabilities. The world is indeed changing. But, why is this happening? It is due to the prevalence of growing opposition, from different regions, against the violation of rule of law and against domination.

Another lamentable trend that elicits attention is the failure of conflict prevention and resolution mechanisms and missions. We can talk about Libya and other current events. More than often, the focus is on personal monetary gains and other narrow interests. And instead of resolving the underlying causes, the task becomes escalation and complication of the situation. Again, this trend underscores lack of effectiveness of the international organizations. All these flaws highlight the need for change. But above all, the economic and political dominance of the unipolar global order has been gradually weakening in the past twenty five years. As it is adept in crisis or chaos management, it may have succeeded so far to dampen the momentum of change. In any case, we cannot say that there are effective global institutions today that can resolve conflicts and upheavals or address chronic problems that people all over face. Likewise, there is no respect for international law. The latter is often breached by instrumentalising international and regional institutions.

Question: External interventions often fuel political and security problems and preclude economic integration and concerted development efforts in our region. What are the prospects for reversing this trend to restore normalcy in the short term?

President Isaias: It will not be fair to attribute these problems fully to external dominant powers. The indelible fact is there are local satellite forces who pin their political survival on external support. These are the main culprits. In this respect, we can examine the dynamics of external intervention in Africa. In our case, for instance, we can look at the genesis of the border war with Ethiopia.

The TPLF regime had made its own choices. To control Ethiopia, it pursued policies of sowing internal division and economic dominance. The TPLF felt that these policy objectives cannot be realized without alliance with and subservience to a big power. And in this big scheme, Eritrea had to be victimized. The border war was thus launched to serve these purposes while comprising the friendship and common interests of the peoples of Eritrea and Ethiopia.

A peace keeping force was deployed in Eritrea after the war and in accordance with the peace agreement. The five-thousand strong mission (UNMEE) stayed in our country for five years. The annual budget was about two hundred thousand US dollars; thus the aggregate expenditure was around one billion US dollars. The litany of complications and problems that ensued were countless. In the event, we were compelled to seek and ask for UNMEE's departure. We have documented cases that have not been divulged to the public. In brief, once deployed, these missions have no intentions to finish their task and leave. Their presence is tantamount to control of the country by proxy. The external powers that control the mission literally administer the country's affairs through this entity. We see the same pattern in the Sudan. Our interest is to see durable peace and stability in the Sudan. The interests of the Sudan and the region will not be served by perpetual conflict and turmoil. Unfortunately, we see the same complications in the deployment of the AU peace-keeping mission in Darfur. The issue is not the capacity or resources of the AU. The original AU peace-keeping mission was in fact reinforced by a hybrid AU-UN force of 25-27,000 troops. You can extrapolate and compute the annual expenditure for the maintenance of this force from the figures I cited earlier for UNMEE. And what has this big force achieved in these past years? The pattern is the same. If a conflict erupts in Africa, it has to be managed, with all the attendant complications, by external powers. These conflicts simmer on and continue without tangible and durable solutions. This is also true elsewhere in the world. The deployment of peacekeeping missions becomes an end in itself to provide an institutional umbrella for continued control of these countries.

Question: So, how will this bleak pattern change?

President Isaias: We need to take note of the cumulative and increasing resistance against the prevailing practices. These days, virtually all Member States are raising the issue of UN reform in the September annual meeting of the UN General Assembly. There are no countries that openly “oppose” the call for reform although they may resort to various under-handed means to derail the process. There are permanent and non-permanent members of the UN Security Council. This has to change. The fundamental tenets of the UN Charter may not change, but it is vital that create a robust international organization that can address the challenges of the 21st century and the problems that crop up in various parts of our globe. The principal players – the US, the UK and France – may not be comfortable with the envisaged changes. Certain countries seem also to be pushing for gaining a permanent seat in the UN Security Council on the basis of the criterion of size, influence etc; or those who wish to represent Africa, instead of advocating for substantive changes. But all in all, change is bound to happen as the aspirations for global peace and stability is growing and gathering momentum with time.

Question: How is Eritrea’s regional strategy of “safe neighborhood assessed against the backdrop of the prevailing global reality?

President Isaias: There are fundamental pillars and principles that define our foreign policy. Our national security interests are intertwined with and cannot be seen in isolation from the realities/events in our region. From the perspectives of geography, our neighbourhood consists of four interlocking components. Our policy approach in terms of how we interact for concerted solutions to the problems that crop up or may arise in these areas was articulated immediately after our independence. The linchpin of this policy is that problems that arise in the region must be solved through local efforts; without relegating the task to the UN, OAU or other external forces. There were many initiatives then to bring together the Sudan, Eritrea, Ethiopia, Djibouti, Somalia, Kenya and

Uganda in the Horn of Africa. The concept of the “Greater Horn” was also contemplated to add Rwanda and other countries into the grouping. IGAD was subsequently revitalized with an extended mandate. The positive winds of change brought about by the independence of Eritrea, related changes in Ethiopia and the prevailing presumption then of the advent of global peace, had given us all hope of a new environment that was conducive to cooperation and growth in our neighborhoods. Unfortunately, these hopes and expectations were soon aborted.

The negative developments that have transpired in the past years cannot, however, diminish the validity and relevance of our foreign policy principles and objectives. There is no alternative to the mechanisms and ideals of regional cooperation that we all have to cultivate. The issue is not why and how previous programmes of cooperation were obstructed and failed. As I stated earlier, our foreign policy has not changed. Countries in the Red Sea require to foster ties of cooperation of the neighborhood. Similarly, the countries in the Horn of Africa and Nile Basin require to cultivate regional cooperation ties that promote their shared geographical, economic, security and cultural interests. In the Middle East, we can envisage cooperation ties with Saudi Arabia and the Gulf States. The different geographical components have their own specific realities but the linkages and complementarities are obvious. This is not a matter of choice as it is determined by geography and location. Failure to cultivate these ties will only create a vacuum and vulnerability to external interests and agendas with the associated chaos that we have witnessed. We are also mindful of forces that aspire for “regional hegemony” and that stoke instability by exploiting local fault lines or through alliance with external powers. In the event, our foreign policy must take into account all these factors. It should not vacillate in a rudder-less fashion but must be formulated with far-sightedness and with a long-term perspective. Of course, we cannot say that we should not discard what is innately unworkable in view of our negative experiences in the past years. For this continuous review and assessments are vital. Our stance on cooperation against terrorism and other negative trends in our region remain solidly in place.

Question: Mr. President, the issue of the Nile River and the Millennium Dam that is being built by Ethiopia may also have ramifications to regional stability. In the last few weeks, there were meetings between Ethiopia, the Sudan and Egypt regarding the technical modalities (agreements) associated with the ongoing construction of the dam. What are the points of controversy in regard to the Millennium Dam ?

President Isaias: This is one of our neighborhoods that I described earlier in discussing our regional policy. In this case, it is unfortunate that there are tendencies to overlook the main issues and dwell on peripheral matters instead. These may have been conveniently couched in technical terms. But those are not the real problem. Historically, various Ethiopian regimes have used the Nile as a political instrument. Generally, the geopolitical issues associated with the Nile River are controversial. The geopolitics of the Nile has remained controversial for a long time. Mengistu's regime portrayed Eritrea as "an appendage and instrument of the Arabs" and was brandishing the Nile River as a countervailing force to the "oil of the Arabs". Shortly after independence, Prime Minister Melles raised the issue of the Nile River with senior Egyptian authorities on the margins of the OAU Summit in Cairo that Eritrea also attended for the first time. We had misgivings about the purpose and timing of raising the matter when the Prime Minister consulted us in advance since we were working and cooperating closely on a variety of regional issues. At the time, there were widespread rumors that Egypt was diverting the Nile River to sell water to Israel; that a new canal was being built through Suez Canal and the Sinai to Israel...". Melles was furious after his meeting with Omar Suleiman, whose response was apparently "condescending", and vowed that he will "make them buckle under one day". So the Millennium Dam under construction has historical baggage that goes back to those days and perhaps earlier times. We can also relate our own experience. We initiated a project for the mutual use of the Setiti River. A feasibility study was subsequently conducted. Later they abandoned the project and went their own way.

That choice was not made on the basis of sound project appraisal but for ulterior reasons. To come back to the Nile issue, our views are not influenced by the current conflict or severed ties we have with the TPLF regime. We also recognize that both the Sudan and Egypt may adopt their respective sovereign positions on the matter. We can never say that the people of Ethiopia should not benefit from the Nile River. The point is the objectives of such a project should take into account, first and foremost, the interests of the Ethiopian people. This boils down to the benefits and dividends that accrue to the Ethiopian people in various parts from this project in terms of expanded electricity supply, agriculture, manufacturing, as well as the industrial and services sectors. And from what we know, we cannot say that the project was driven by these primary factors. I am not saying that the expected output of six thousand Megawatts is huge for Ethiopia's needs. But there are so many associated technical issues that have not been disclosed – even if one advances the argument the information is an internal matter and not in the public domain - and that corroborate that domestic use was not the primary consideration.

One can also discuss the ramifications of mega or white elephant projects elsewhere that have mostly ended up in failure. Power plants that are primarily geared towards export to neighbouring countries have to grapple with a host of technical and commercial hurdles. If the primary target is for national or domestic use, the ground work has to be laid down properly. In view of all these factors, I do not think that the conditions for an exhaustive and sober discussion on the rationale and potential consequences of the project have been reached yet.

Question: In regard to Eritrea's diplomatic ties, there are positive trends that illustrate the failure of ploys by certain external forces to isolate the country. In this connection, there are ongoing endeavors to expand and strengthen political and economic ties with the countries of the Middle East, the European Union, China

and other partners in the Far East. Which are the sectors of economic cooperation with these countries?

President Isaias: To begin with, one needs to properly recognize the extent of unprovoked hostilities and war that have been waged against this country under the auspices of the uni-polar global order in the past 25 years. The unilateral measures of hostility against the people of this country were not warranted and emanate from misguided perceptions and calculus. In retrospect, one can see that the Hanish conflict did not occur suddenly or as a result of good-faith territorial dispute. The arbitral resolution itself contained elements that perpetuate hostility; Hanish was awarded to Yemen but Eritrea was given rights of fishing in Yemen's territorial waters. This can only be seen as a trap. Nonetheless, we accepted the arbitral award as we uphold agreements we have signed. Immediately thereafter, the border conflict with the TPLF regime was instigated. This was part and parcel of the scheme of portraying and demonizing Eritrea as a "pariah State" in the region. In any case, the dispute was resolved through arbitration. Yet, the implementation of the arbitral award was blocked. UN sanctions against Eritrea were imposed on Christmas Eve in 2009 through stealthy maneuverings. The pattern of demonization through trumped up charges has gone on and on.

But things are changing; also because similar pattern elsewhere have backfired with time. Today, most countries realize that the sanction have no legal basis, even if they may not say so publicly for a variety of reasons. The growing ties with the countries that you have cited and others must be seen against this backdrop. It is not due to our efforts alone; but because you cannot suppress the truth forever. The policies of demonization, isolation, intimidation and subversion have not worked because of the resilience of our people; because of their indomitable efforts. We cannot downplay the damage incurred. We can also expect new, last-ditch fabrication and ploys. But we are confident that these lies will disappear in thin air. Our mantra in the past was: "the dog barks, but the camel treads on". We will continue in the same mode.

Q. Mr. President, what will be the impact of these growing and substantive diplomatic achievements, in rectifying the injustices – the unwarranted sanction, violation of Eritrea’s sovereignty and territorial integrity etc. – perpetrated against the country?

President Isaias: The adversity we faced did not come of our volition. But on the positive side, challenges always tend to make people stronger, wiser and more resilient. As they say, “iron is molded in fire”. Nobody wants to face tribulations, suffering and pain. And all the belligerence and hostility towards Eritrea has taken its toll. We can enumerate the damages inculcated on our people. But it has also engendered unparalleled resilience. We had high hopes in 1991 after our hard-won independence. Our focus was on development. We would have achieved much more had we been allowed to live in peace and to foster the regional environment of cooperation and stability that we cherished and aspired for. Still, the capabilities we have developed in our attempt to overcome all the hostilities directed towards us in the past 18 years are considerable. We have paid the precious price of 100,000 martyrs in the war of independence and the border war with the TPLF regime. These painful sacrifices have solidified further our social cohesion and unity, our resilience and our determination to defend our sovereignty. It has imbued greater weight to our independence, sovereignty and our fervent commitment to rebuild our country. When we evaluate what we can do this year, as well the subsequent years, we see that our capabilities to achieve more, irrespective of hostilities, are by far greater than they were anytime in the past. We have a more clear picture of what we can achieve in the period ahead. The ties that we have and are cultivating with countries in the region and outside our region are more robust than any time before. Even the diplomatic lexicon is changing. The discourse these days with our partners is not about sanctions and hostility. The agendas are dominated by positive discussions on what can be done jointly. The tone and focus of discourse with our partners is changing in a positive way.

Q. In the past 25 years, we have gone through and overcome

difficult challenges to ensure our survival as a nation and people to secure our development. How do you assess the progress we have made when our past trajectory is gauged from the perspective of our aspirations and the numerous challenges we have faced?

President Isaias: The 30 years of armed struggle we have waged and the national independence that we achieved can explain the character and mettle of our people. Of course we can think in terms of what we could have achieved under normal circumstances. We can also draw gratification from resilience and strength we have acquired in order to withstand and vanquish the hostilities imposed on us. Adversity has taught us to work more; the culture we have developed to do more with less; the ethics of commitment and selflessness have increased our efficiency. Still, we should not exaggerate our achievements. We should focus on what we can do without exaggeration. We should not compare ourselves with others. Let us focus on what we can do. As I stated earlier, we are in a better position than any time before. Can we say that 2016 will be a turning point? Let us march forward with greater pace than before. In some ways, this will be a year to gauge our real capabilities. I feel that we are better placed to close the chapter of the past phases and embark on a new phase.

Q. Finally, Mr. President, if you have any additional message to our resilient people on the occasion of the beginning of the New Year...

President Isaias: We can say we have weighed the capability of our people through the prism of three generations. And it is really substantive. We are all in the same wavelength and we all know what we can do. The ultimate goal is to rebuild our nation, resolve all our problems and bring about prosperity. This requires hard work and increased productivity. This will enable us to say that we have vanquished all hostilities and that we have won. So we need to redouble our efforts to increase the pace and momentum of our development drive. I do not consider this as a message from me but mere emphasis of what everyone already knows.