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Egypt's Nile Water Policy under Sisi

Security Interests Promote Rapprochement with Ethiopia

Tobias von Lossow and Stephan Roll

Under Abdel Fatah al-Sisi Egypt has moderated its stance in the Nile water dispute with Ethiopia, the most important state upstream. In the conflict over the Grand Ethiopian Renaissance Dam (GERD), Cairo is now seeking cooperation rather than conflict. But this rapprochement is not driven by any fundamental reversal in Egypt's Nile water policy. Instead, Cairo recognises that its options are restricted by the advanced state of dam construction. In addition it sees Ethiopia as an increasingly important partner, especially in matters of regional security. While Egyptian-Ethiopian conflict over distribution and usage of the water is currently on the back-burner, the issue is by no means resolved.

After decades of intransigence reality has caught up with Egypt's Nile water policy: on the river's upper reaches, Ethiopia is working flat-out on Africa's largest hydro-electric scheme. The dam is close to half-finished, and the \$4.7 billion project is scheduled to be completed in 2017, when it will supply about 6,000 MW of electricity (more than 15,000 GWh/year) to meet domestic demand and for regional export.

The Nile is Egypt's lifeblood, supplying more than 90 percent of its water needs. And more than 80 percent of the Nile water that reaches Egypt originates from the Ethiopian Highlands (the Blue Nile). This dependency has repeatedly given rise to provocation and tensions between Cairo and Addis over questions of water usage. Despite relatively successfully coordinating and monitoring practical cooperation between all

Nile riparian states since 1999, the internationally supported *Nile Basin Initiative* (NBI) has been unable to resolve the political sticking points. The start of construction on the Grand Ethiopian Renaissance Dam (GERD) in 2011 dynamised the conflict. Even if Ethiopia stresses that the megadam is designed exclusively to produce power, Egypt fears that the river's flow could be reduced. Above all, in a scenario that Cairo has always regarded as an existential threat, Egypt will lose sole control over its central water resource.

Negotiations as Last Resort

In the past Egypt always applied all possible diplomatic leverage to prevent any development of Ethiopia's water infrastructure. This strict course was also of great importance

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SWP Comments 11
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domestically, in order to feed an image of external strength and to distract from deficits in the maintenance and expansion of its own water infrastructure. Cairo proclaimed – often extremely aggressively – Egypt’s exclusive right to use the waters of the Nile, on the basis of colonial-era treaties that de facto deny any such rights to the other ten riparian states (all apart from Sudan). In that sense, the Ethiopian dam project symbolises the ultimate failure of the Egyptian water policy.

Egypt initially protested vehemently against GERD, sought to mobilise internationally and to negotiate with Ethiopia at least to limit its size. But since President Sisi took office in June 2014 Cairo has followed a surprisingly conciliatory line. Three-party talks with Sudan and Ethiopia, initially abandoned in early 2014, resumed in the autumn. But above all the character and thrust of discussions have changed significantly in comparison to earlier consultations: it is no longer about whether or in what form GERD will be built, but how the ecological and socioeconomic consequences for each state will be measured, assessed and addressed. In early 2015 the three countries agreed to commission an international consulting firm to prepare recommendations and monitor their implementation. In a historic departure from its previous stance, Cairo’s consent to this move implies acceptance of the Ethiopian dam.

Sisi’s cooperative attitude to the GERD question is motivated by the insight that the project can no longer be stopped by sabre-rattling. Too determinedly is Addis Ababa pushing ahead with its largely self-funded prestige project. Given the geographical distance between the two countries and the poor state of its armed forces, Egypt has no military option (even if Cairo has suggested otherwise in the past). Nor can it count on support from its most important allies, the United States and the Gulf states, over this issue. For Washington – and Europe – Ethiopia is the central partner in East Africa for the “war on terror”.

The Gulf states, first and foremost Saudi Arabia, have pronounced economic interests in the Ethiopian agricultural sector and import food from the region. So political pressure on Addis Ababa to abandon its water infrastructure expansion cannot be expected from those quarters. There is consequently little mileage for Egypt in an internationalisation of the conflict, such as calling on the UN Security Council – as it has indirectly threatened in the past.

That leaves returning to the negotiating table as Sisi’s only remaining option for minimising the foreseeable negative impact of GERD on Egypt’s water supply. Cairo’s goal in direct talks with Addis Ababa is not a fundamental reordering of water rights but achieving the greatest possible concessions for the time when the reservoir is filled. For its volume is enormous: at 74 billion cubic metres it will contain close to the total annual flow of the Nile (84 billion cubic metres). The two sides have yet to reach agreement about how this process will be staggered.

Economic and Security Interests

The Egyptian change of strategy is driven by more than negotiating tactics. By taking a moderate line on the Nile issue, Sisi hopes to open bilateral relations in other policy areas. In recent months Egypt has repeatedly pointed to the potential for intensifying economic cooperation. And at least since 2010 an increase in trade and investment flows between the two countries has indeed been observed. Politically influential Egyptian corporations like Qalaa Holdings and cable manufacturer Elsewedy Electric have made significant investments in Ethiopia (the most populous country in East Africa) and are therefore likely to have been lobbying in Cairo for an easing of political relations.

Expanding security cooperation is likely of even greater importance to Cairo. In view of the Ethiopian campaign against the Islamist al-Shabaab militias in Somalia, the Sisi regime sees the no less authoritari-

an Ethiopian leadership as a natural partner in its own struggle against Islamist groups. But above all Egypt possesses a strong strategic interest in the security situation in the southern Red Sea. Any disruption to shipping through the Bab al-Mandab Strait would immediately impact traffic to the Suez Canal, which is one of Egypt's most important sources of revenue. The current Canal expansion – Sisi's economic prestige project, which it is hoped will contribute billions of dollars in revenue to the overstretched state budget – has in fact increased the strategic relevance of this shipping route for Egypt in recent months. Above all the civil war in Yemen and its possible repercussions on control of shipping lanes to the north of the Bab al-Mandab have worried the Egyptian leadership for months. Cairo fears that state collapse in Yemen could enable militant Islamist groups to disrupt shipping north of the Bab al-Mandab, and is also increasingly concerned that Iran could gain indirect control over this vital shipping route, through the rise of the Huthi movement in Yemen and by intensifying its relations with Eritrea. Especially in light of the latest developments in Yemen, Egypt appears to possess no almost alternative to closing ranks with Ethiopia, as the only regional power in East Africa with an effective army.

Conclusion: No End to the Nile Water Conflict

Germany and its European partners have been supporting cross-border cooperation in the Nile Basin for years and have worked actively for a peaceful resolution of the water conflict within the framework of the NBI. For them the rapprochement between Egypt and Ethiopia is initially good news (even if the international mediation initiatives played hardly any role). An escalation of the Nile Water dispute – especially between the two central parties – appears to have been averted for the moment by Egyptian concessions on the dam project.

Detail of Nile Basin



But the Sisi government's cooperative stance should not be confused for a fundamental reversal in Egypt's Nile water policy. De facto acceptance of a dam whose construction has become unstoppable simply represents an inevitable adaptation of Egyptian negotiating strategy to the reality on the ground. In addition, a rebalancing of Egyptian security interests also played a decisive role in the change of course.

In no respect does Sisi's change of strategy mean an end to the conflict over distribution and use of the Nile water resources. Any superficial impression that Egypt under President Sisi might be more constructive in this question than under Hosni Mubarak or Mohamed Morsi is misleading. The current Egyptian rapprochement with Ethiopia is occurring exclusively within the conflict arena of GERD, while the broader conflict over the fundamental distribution of the Nile waters remains unaffected.

Not least in view of the fundamentally nationalist orientation of the Sisi regime, there will be little change there in the foreseeable future. On the contrary, by including its historic water rights in the new Egyptian constitution adopted in summer 2013

after the military coup (Article 44), the political leadership has set a course that will strongly restrict its room for manoeuvre in the Nile question. So Sisi's current cost-benefit calculation, which prioritises good relations with Ethiopia over domestic instrumentalisation of the water conflict, could change at any time. If shortages were to occur in the Egyptian water supply Sisi could adopt a much more aggressive tone, reviving the resource nationalism of past times to distract from home-grown inadequacies in the modernisation of water infrastructure and management.

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