

**MINISTRY OF FOREIGN AFFAIRS OF THE STATE
OF ERITREA**



**Eritrea's Response to the Report of
the Somalia Eritrea Monitoring Group Report**

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Eritrea's Response to the Report of the Somalia Eritrea Monitoring Group Report

Executive Summary

Eritrea fully cooperated with the Somalia Eritrea Monitoring Group (SEMG) in the discharge of its mandate. It hosted the Group twice in Eritrea, participated in a third informal discussion in Europe and responded in good faith to the SEMG's written queries.

The Report of the Monitoring Group is unnecessarily encumbered by lengthy commentary and analysis of the Eritrean situation, policies, and institutions predicated on incomplete information and superficial understanding and that are squarely at variance with the realities in the country. It is further clouded by detailed descriptions of many and seemingly serious allegations - some deemed "credible" and others "circumstantial"- but which the Monitoring Group admits are not supported by any conclusive evidence.

If the Report of the Monitoring Group is examined carefully, the wheat duly separated from the chaff, and the cut-off date of December 2009 when Security Council Resolution 1907 was adopted taken as the point of reference, the conclusion that Eritrea is not in any violation of Resolution 1907 is starkly clear and inescapable.

There is no conclusive evidence in the Report of any Eritrean violations in regard to Somalia and Djibouti, as well as the arms embargo on Eritrea. This is highly significant as it was accusations of Eritrean wrongdoing in regards to Somalia (particularly support to Al-Shabab) and Djibouti that was the basis for the imposition of sanctions on Eritrea in the first place. Fairness would require an acknowledgement of this fact and a decision to lift the sanctions against Eritrea.

Regarding Somalia, given that the allegations of Eritrea's military support to Al-Shabab has been the central concern of the Security Council and the main impetus behind the imposition of sanctions under 1907, it is remarkable that the Report confirms that Eritrea is not in violation of 1907 in regard to military support to Al-

Shabab or any armed group in Somalia. It mentions claims from unidentified sources of Eritrean arms shipments to Kismayo (in fact Ethiopia had publicly made those accusations), but states categorically that it “could not independently verify the reports.”

Regarding financial support, the Monitoring Group states that it has documentary evidence of Eritrean payments not to Al-Shabab but to “**individuals linked**” to the organisation, but admits that these relate only to 2008, a full year before the cut-off date. It mentions allegations that financing continues, again not to Al Shabab but to “individuals” that the Monitoring Group believes “have links” to Al Shabab, one source claiming to the tune of US\$ 80,000 per month, but does not present any evidence. The difference between financial support to Al Shabab and to individuals the Monitoring Group thinks are associated with Al Shabab is subtle but highly significant. One of the persons the Monitoring Group mentions, Ugas Abdi Dahir, for instance, is a well known clan figure who as far as Eritrea was aware was not affiliated to Al Shabab. It is also pertinent to mention that the Monitoring Group definitively states that the US\$ 70 million to US\$ 100 million that Al-Shabab generates in yearly revenue comes from “taxation and extortion in areas under its control, notably the export of charcoal and cross-border contraband into Kenya.”

On Djibouti, the Report presents two allegations of what it calls “Eritrean support of limited scale”. The first of these is attributed to a dubious source and relates to the period prior to December 2009. The second allegation concerns a *cache* of Soviet era explosives which were found hidden in a cave in Djibouti, in regards to which the Monitoring Group states categorically that it “has been unable to trace their place of origin or chain of custody.” It is therefore clear that there is no evidence of Eritrean violation of 1907 in regard to Djibouti.

The centerpiece accusation against Eritrea, the basis for calls for additional sanctions, is the sensationalized allegation of a “plot” to bomb Addis Ababa during the African Union Summit in January 2011. Here it is important to point out that the goal post in accusations against Eritrea has shifted from Somalia and Djibouti to Ethiopia, which is the culprit, accuser and source of all “evidence” at the same time. Additionally, Eritrea would have no interest in disrupting a Summit of the

African Union, precisely at the time that it was fruitfully engaging with its sisterly African countries and when it had just reopened its mission in Addis Ababa and was participating in the Summit for the first time after a long absence. Nor is it reckless or stupid to contemplate such a hideous attack.

In this Reply, Eritrea has fully responded to the allegations of the Monitoring Group regarding the alleged “bombing plot.” Eritrea does not give any credence to Ethiopia’s allegation that there was indeed any plot to bomb Addis Ababa during the AU Summit. Given the track record of the Ethiopian government which routinely accuses Eritrea and an assortment of opposition groups for “terrorist plots” and the timing of the allegations, it is highly probable that this was a fabrication of the Ethiopia government to provide “justification” for enhancing sanctions against Eritrea. Recently released *WikiLeaks* documents show that a series of explosions that occurred in Addis Ababa in September 2006 and that the Ethiopian government claimed were “part of a coordinated terror attack by the OLF and Sha’abiya (Eritrea) aimed at disrupting democratic development,” may have “in fact been the work of the Government of Ethiopia security forces.” In both allegations, the OLF and Eritrea are blamed, the first aimed at “disrupting democratic development,” the latter at “disrupting the AU Summit.” The language clearly points at Ethiopian disinformation.

But even if we grant that there was a bombing plot, the Monitoring Group’s speculative claim that the bomb plot was “conceived, planned and directed by the Eritrean National Security Agency” but “falsely flagged as an OLF initiative” is totally unfounded and untenable, as Eritrea’s reply conclusively shows and the narrative of the Monitoring Group unwittingly betrays.

It is thus clear that Eritrea is not in violation of Resolution 1907 on any count. On the contrary, much that is positive has taken place since then. Eritrea and Djibouti have accepted mediation by the Emir of Qatar and Eritrea has acceded to the request to redeploy its troops. Eritrea’s positive and constructive engagement at the regional, continental and international arenas is widely acknowledged and encouraged.

There is no basis under Resolution 1907 to maintain sanctions on Eritrea, let alone consider taking additional measures directly aimed at starving the Eritrean people, which Ethiopia is pushing for as part of its war against Eritrea and which will further destabilize the region.

Eritrea thus calls on the Security Council to fully consider this Reply, acknowledge that Eritrea is not in any violation and that significant progress has been registered and lift the sanctions that were imposed two long years ago. It calls on the Security Council to take urgent and strong action to ensure that Ethiopia complies with Security Council Resolutions, end its illegal occupation of Eritrean territory and stop its destabilization of the Horn of Africa region.

Eritrea's Response to the Report of the Somalia Eritrea Monitoring Group

I. Introduction

1. The Monitoring Group on Somalia and Eritrea, established on 19 March 2010 pursuant to paragraph 6 of UNSC Resolution 1916 (2010), submitted its Report to the UN Security Council on July 18, 2011. Contrary to all established norms, Eritrea was denied access to the Report when it was formally submitted to the Security Council. In the event, the Eritrean Delegation, which addressed the Security Council on 19th July this year in an “informal and interactive setting”, was put in an awkward position. As it happened, Eritrea's delegation had to give an *impromptu* response to the main allegations contained in the Report on the basis of incomplete information made available to them in the form of briefings.
2. In proceeding to submit its full response through this Reply, Eritrea wishes to put on record its strong objections to this erroneous and unfair treatment. In the interests of fairness and justice, Eritrea should have been granted unfettered and prompt access to all charges and allegations leveled against it by any party. This is a rudimentary right of any accused party in any judicial process or serious inquiry. Eritrea should have also been provided with the full identities of the plaintiffs and assorted “witnesses” that presumably instigated or corroborated the wild accusations leveled against it.
3. Unfortunately, the Monitoring Group chose to blatantly ignore these elementary procedures and went on to essentially compile a document that is no more than an inventory of all the invective against Eritrea peddled by its avowed arch enemies and detractors. In the circumstances, Eritrea maintains that the credibility of the whole Report has been severely compromised failing to meet, as it does, minimum standards of objectivity and neutrality.
4. Furthermore and for reasons that are not known to Eritrea, the members of the Monitoring Group went to unprecedented lengths to wage a

crusade against the Government of Eritrea, the People's Front for Democracy and Justice (PFDJ), respectable and law-abiding members of the Eritrean community in the Diaspora as well as foreign friends of Eritrea including some Honorary Councils.

5. During their two visits to Eritrea, the members of the Monitoring Group have stayed in the country for less than 15 days in aggregate. Yet, they indulge in the most irresponsible and gratuitous narration of a country and people they know little about.
6. Indeed, the Members of the Monitoring Group go over the board in their attempt to delegitimize and criminalize the Government of Eritrea and senior members of the PFDJ. In the first place, this is not within their purview and mandate. Secondly, this egregious act constitutes either a grave error of judgment or some willful political agenda that puts their professionalism, competence, and integrity on line. The baseless indictments they have leveled against law-abiding Eritrean citizens and foreign friends of Eritrea constitute, in addition, serious cases of personal defamation that are susceptible to individual libel suits by the aggrieved parties.
7. The Report of the Monitoring Group is not limited to making a parody of Eritrea's State institutions and the PFDJ. Eritrea's foreign policy, its bilateral and multilateral relations, its economy and its financial institutions are likewise liberally slighted in the most condescending, albeit amateurish, manner. Here again, apart from legal and procedural issues of mandate and jurisdiction, the overall conduct of the Monitoring Group casts serious doubt on their professional competence as well as character in terms of impartiality and integrity.
8. The Monitoring Group's methodology of evidence collection and validation are additional dimensions that accentuate the sloppiness of the whole exercise. The Report frequently refers to interviews or discussions with "*foreign law enforcement agencies*", "*active Eritrean Government contacts*", "*former military or diplomatic officials*", "*Eritrean individuals directly involved in people smuggling operations*" etc. and attributes most of its presumptuous "*findings and conclusions*" to these murky sources. Why the Monitoring Group felt it could take, essentially at face value, the "*testimonies*" of intelligence services of

foreign countries who harbor ill-will against the people and Government of Eritrea; Eritrean nationals who are active members of armed subversive groups; “*contacts*” who are obviously under the illicit payroll of the Monitoring Group or other foreign entities; and even notorious criminals while dismissing any explanation that emanates from the Government or any law-abiding Eritrean citizen is surely mind boggling. Their sweeping narration on the Government structure, economy, foreign policy, and institutional linkages and relations between the State and the PFDJ all emanate from these murky sources without serious reference to other perspectives and explanations. What must be stressed here is that the Monitoring Group virtually ignored formal government channels as they scurried for information on the country, its people and government.

9. Under the circumstances, Eritrea’s Reply will not be confined to merely refuting the various allegations contained in the Report. In order to provide the appropriate perspective and backdrop, the first part of the Reply will dwell on: i) the structures of the State and institutional relations between the State and the PFDJ; ii) Eritrea’s regional policy; and, iii) Eritrea’s economic, financial and monetary policies as well as the rationale and scope of the 2% recovery tax that is applicable to Eritrean citizens residing abroad. The second section of the Reply will address the specific allegations contained in the Monitoring Group’s Report.

II. Section One: Governance and Regional Policy

A. State Structure, decision making processes and ties with PFDJ

10. Nation building and State Structure formation and evolution are enormous tasks that cannot be accomplished in a couple of years. In this context, it is evident that institutional building in the young Eritrean State remains a dynamic work in progress whose full consummation will require some more years. But even within these normative constraints, what has been achieved in Eritrea in barely 20 years of independence is considerable indeed. This is in spite of insidious external adversities and material resource limitations.
11. One critical element that was pivotal in accelerating the establishment of viable and functional State institutions and structures early on after independence was the fact that the Eritrean People's Liberation Front that vanquished Ethiopian colonial presence in Eritrea was not a mere fighting force. The EPLF, which had galvanized Eritreans from all walks of life - from highly trained professionals to ordinary peasants - to directly participate in the armed struggle or support the liberation war in various auxiliary capacities, was able to install and develop, in a microcosm style, the structures and functions of a virtual State long before the country's liberation on 24 May 1991. Sustained civilian administration of the rural areas and major cities and towns that were liberated in the course of the 30 year armed struggle that was predicated on a protracted war strategy; the provision of medical services and education; the adjudication of civil disputes and penal cases; the enactment of transitional laws to govern land tenure, women's equal rights etc. were some of the major undertakings that the EPLF embarked on from the mid 1970s onwards and that prompted the emergence of State structures and mores. These were progressively refined in the course of the next two decades to equip the EPLF with a full-fledged State structure in waiting at the time of the full liberation of the country in 1991.
12. External adversity and the almost total absence of outside backing for the Eritrean struggle - although it deserved international support and recognition as a legitimate cause of national liberation - were other

elements that contributed to foster a strong culture of accountability and grass-roots democracy in the political orientation and practices of the EPLF. The liberation war was waged solely on the basis of the voluntary participation and material contributions of the Eritrean people, mostly funneled through various organizations of civil society. This could not but consolidate the Social Contract between the EPLF and the Eritrean people and breed a culture of transparency, accountability, and a deep political tradition of two-way communication and consensus building.

13. Equipped with this armory, the EPLF was able to establish a functional Provisional Government in the immediate days after the country's independence on 24 May 1991 and conduct the widely acclaimed, internationally supervised, referendum in April 1993 to imbue additional international legitimacy to the hard-won independence of the Eritrean people. In the meantime, an independent judiciary based on inherited but revised transitional civil and penal codes was established. Formation of the legislature – the third branch of Government – did not occur concurrently at the national level due to vital administrative and political work that required longer processes although district and regional assemblies were formed through elections in 1992. As it happened, the country was divided into six Administrative Zones with executive and legislative regional bodies that possess devolved jurisdiction on local development policies and programs while the EPLF also convened a congress in 1994 to metamorphose, under the new conditions and revamped Charter as well as newly elected decision-making bodies, into the People's Front for Justice and Democracy (PFDJ). The 150 member National Assembly was subsequently formed from these regional bodies and the PFDJ as an interim national legislative body or parliament.
14. In tandem with these measures, the Government of Eritrea earnestly set in motion an intensive process of Constitution drafting and ratification that was accompanied with the widest possible popular consultation – both inside the country and in the Diaspora – and rigorous programs of civic education that span over a period of three years. These and the supplementary enactment of a plethora of laws that buttressed good governance – on press freedom, labour laws, religious practices,

investment, land tenure, etc . - constituted a purposeful consolidation and enhancement of the Social Contract that the EPLF had forged in the difficult years of the armed struggle and that was projected to become the bedrock of a modern and democratic Eritrean State.

15. This momentous progress and the promising start that Eritrea had made in a matter of few years were put in jeopardy by Ethiopia's flagrant decision to unleash a new wave of hostilities on 13 May 2008 (Annex 1). The war which lasted for two years until 18 June 2000 when both parties signed the Algiers Peace Agreement; and more gravely, Ethiopia's refusal to abide by the "final and binding" decision of the Eritrea-Ethiopia Boundary Commission; its continued occupation of sovereign Eritrean territories, with the encouragement of the United States; and the failure of the international community, including the United Nations Security Council to take any remedial action, could not but affect the pace of the political, economic and social developments on which Eritrea had embarked on with earnestness during the period of relative peace after three decades of the armed struggle for liberation.
16. Still, the new realities of a quasi-permanent state of tension and potential conflagration did not alter, in any significant way, the political and developmental trajectories that the GOE had initiated out of its profound conviction and commitment to the values of social justice and genuine democracy that were expressly enshrined in the Charter of the PFDJ. The institutions of the State have indeed been strengthened and refined through periodic functional reviews and vigorous efforts and investment on the country's human capital. The functions of cabinet level Ministries have been better articulated to limit their authority to: i) sectoral policy formulation; ii) articulation and enforcement of sectoral regulations; iii) human resource development; and iv) research. The Administrative zones and elected regional assemblies have jurisdiction of sectoral policy implementation in their respective territories.
17. The independent judiciary has not only been strengthened in human capacity and service outreach throughout the country, including through the innovative establishment of Community Courts to adjudicate civil disputes that do not involve damages that exceed 100,000 NKF (Proclamation 132/2003), but the Ministry has undertaken a

comprehensive review of the transitional civil and penal codes to draft a new set of laws that will enhance better delivery of justice and that have greater consonance with fundamental tenets of human rights as enshrined in the Universal Declaration of Human Rights and other conventions that Eritrea is a party too. To stamp out incipient official corruption and embezzlement of public funds in line with its zero tolerance for these potential malaises, the Government had established a Special Court in a pioneering measure in 1996 (Legal Notice 85/1996). This has now been buttressed by the adjunction of a second-tier body which acts as an appellate court for these specific cases.

18. But as stated previously and notwithstanding all these achievements, the calendars of some critical milestones, especially the implementation of pronounced landmarks in the national legislative architecture and associated laws, have been and remain affected adversely due to new realities imposed by exogenous forces. These drawbacks, however, have emanated and represent pragmatic adjustments in response to a bellicose external environment imposed by exogenous forces and cannot otherwise be misconstrued as some degeneration in the political commitments, values and practices of the Government of Eritrea and/or the PFDJ.
19. The Monitoring Group on Somalia and Eritrea are apparently oblivious to these events and facts. They are either pathetically ignorant of Eritrea's recent historical trajectory or they have deliberately and maliciously chosen to brush it aside. These is what they had to say in their overzealous crusade to portray Eritrea in the most negative way: *"...It would be hard to conceive of two States that offer greater contrasts than Somalia and Eritrea: the former, a collapsed State for over two decades, with no functional national institutions; the latter, possessing the most highly centralized, militarized and authoritarian system of government on the African continent.....in both cases, power is concentrated in the hands of individuals rather than institutions and is exercised through largely informal and often illicit networks of political and financial control. Leaders in both countries often depend more heavily on political and economic support from foreign Governments and Diaspora networks than from the populations within their own borders...."* (Page 11).

20. The Monitoring Group’s unbridled diatribe against the Government of Eritrea continues in other pages. On page 13, for instance, they claim: *“Eritrea’s support for such groups can only be understood in the context of its unresolved border dispute with Ethiopia. It is also symptomatic, however, of the systematic subversion of the Government of Eritrea and party institutions by a relatively small number of political, military and intelligence officials, who instead choose to conduct the affairs of state via informal and often illicit mechanisms, including people smuggling, arms trafficking, money-laundering and extortion”*. Yet in another page, they crow: *“... The Constitution was suspended, elections indefinitely postponed and a de facto state of emergency imposed. Eritrea’s ruling party, the People’s Front for Democracy and Justice...resumed its posture as a fighting force, retaining de facto control over functions that would normally be discharged by the State. As a result, State and even party institutions have been left to atrophy, while power and resources have become increasingly concentrated in the hands of a small number of individuals and are largely managed outside Government institutions and channels”* (Page 69).
21. The Monitoring Group did not bother to look at the structures, decision-making processes and track record of the Government of Eritrea in the past twenty years. They did not seek meetings with Government authorities, PFDJ officials, or the general populace in regard to these matters. And yet, they felt no qualms in parroting what Ethiopia and Eritrea’s other detractors repeat *ad nuseum* and in publicly sullyng, with appalling audacity and irresponsibility, the Government of Eritrea and the PFDJ. This irresponsible conduct can neither be acceptable nor pardonable.

B. Eritrea’s Regional Policy

22. Although it has various facets and dimensions, Eritrea’s regional policy may be succinctly described as anchored on the promotion of a safe and cooperative neighbourhood.
23. This policy emanates from, and is underpinned by, compelling economic, political and security considerations. The economic rationale is clear to

merit lengthy elucidation. The reality of regional economic complementarities amid the inexorable trend of globalisation; the exigencies of creating a regional common market to attract foreign investments of scale; as well as historical affiliations and trade ties that obtain between the peoples of the region that transcend the limits set by geographic boundaries dictate that functional regional economic blocs are fostered and consolidated. The political imperative is equally evident as almost invariably in all these countries, the same linguistic and ethnic groups straddle the State boundaries. The fact is the peoples of the Horn of Africa region are bound by deep historical ties as well as cultural affiliations. Security considerations assume paramount importance due to deleterious spill over effects of turmoil or instability in any country; the tendency of opposition movements to seek haven in neighbouring countries; as well as a recent history of tragic intra-State wars.

24. This policy precept has been pursued and implemented by the Government of Eritrea through a three-pronged strategy: i) promotion of regional security architectures that can play a pivotal role in prevention, management and resolution of conflicts; ii) strict adherence to international laws and conventions of conflict settlement and associated instruments; and, iii) cultivation of robust bilateral ties with individual neighbouring countries.
25. To this end, Eritrea joined IGAD in 1993, soon after its independence and contributed its share when the latter was revitalised in 1995 to promote the aims described above. Eritrea, together with Ethiopia and Uganda, also formed, at that time, what was commonly referred to as the “frontline States” when the Sudan was pursuing and embroiled in a misguided and adventurist policy of exporting its fundamentalist ideology to the Horn of Africa region and beyond.
26. In 1995, Eritrea was dragged into minor skirmishes with the Yemen when the latter did not only lay new claims on, but also put settlements in, the Hanish islands. These islands were always part of Eritrea (during Italian, British Temporary Administration and Ethiopian colonial rules). Unfortunately, the new claims by Yemen occurred to spawn tension and confrontation - albeit minor and ephemeral - between the two sisterly countries. The underlying dispute and the delimitation of the maritime boundary of both countries were soon referred to international arbitration on

the basis of an agreement brokered by the French Government and signed by both parties. The arbitration award was not decided in Eritrea's favour. But, in line with its strict adherence to international law, Eritrea gracefully accepted the verdict and evacuated its troops from the islands promptly.

27. From 1991 until 1998, Eritrea and Ethiopia worked closely to bring about a solution to the Somali crisis. Eritrea's moderating role was widely acknowledged at the time, since Ethiopia – as it is the case today – often mingled its involvement in the regional efforts with its inherent mistrust of any central government in Somalia and predilection to seek a fragmented and balkanised Somalia.
28. Eritrea's constructive and disinterested role in Somalia was not dampened in the years following the war with Ethiopia. Eritrea continued to promote, in its modest capacity and principally through the regional forum of IGAD as the most appropriate vehicle, an enduring solution to the crisis in Somalia. In its genuine efforts and quest to cultivate a common regional consensus on the diagnosis and most viable solution to this seemingly intractable problem, Eritrea did not hesitate to go against the international current to publicly pronounce its views and opinions with honesty and candour. Especially towards the end of 2006 when some IGAD member States coalesced, under the prodding of the US Administration, to contemplate and literally endorse military invasion by Ethiopia, Eritrea passionately advocated against this ill-advised and unwarranted measure which could not but plunge Somalia and the Horn of Africa region into a far deeper crisis. In the extraordinary Summit that IGAD convened in August 2006, Eritrea argued against the misguided approach that mingled the “war on terror” with the complex clan conflict in Somalia and against singular military solutions that either failed to comprehend, or deliberately misconstrued, the multi-faceted features of the Somali conundrum. At this critical forum and on other instances thereafter, including at the conference in Turkey held in 2010, Eritrea tried to unreservedly elucidate, and solicit support for, the contours of an alternative and viable solution hinged on its own different perspectives and appraisal of the realities on the ground (Annexes 2-6). Almost five years since the onset of these events, the perplexing situation in Somalia continues unabated and Eritrea's premonitions have not been allayed and the level of

destruction, loss of life and misery that afflicted Somalia in the last five years have been unparalleled indeed.

29. Eritrea has also tried to play its part in the regional and international efforts to facilitate viable and enduring solutions to the problems in the Sudan. Eritrea's pivotal contributions in the articulation of the Declaration of Principles that IGAD enunciated in 1994 is a matter of historical record. This was the fundamental philosophical architecture on which the CPA, signed by the Parties in 2005, was later based. With its partners in IGAD, Eritrea was constructively involved through its envoy in the facilitation of the negotiations that led to the signing of the Agreement. Eritrea's catalytic role in bringing about an agreement between the central Government in Khartoum and the eastern opposition movements (Annex 7), as well as its multiple joint efforts with other regional countries – Chad, Libya, and Qatar – to contribute to a congenial environment for a Sudanese solution to the problems in Darfur all fit in, and are in consonance with, its policy precepts of a safe neighbourhood described above. As a result of this long-standing constructive engagement, Eritrea today enjoys warm and all-rounded ties of good neighbourliness and cooperation with the Government of Sudan and the newly independent Republic of South Sudan.
30. Eritrea's bilateral ties with Djibouti have been mostly smooth, despite the current difficulties that Eritrea does not believe are rooted in good-faith misunderstanding (Annex 8). As the parties have agreed to submit the dispute to the mediation of the Emirate of Qatar, Eritrea does not wish to go into greater details here. In as far as the specific allegations contained in the Monitoring Group's Report is concerned, Eritrea will provide detailed response in the second part of this document.
31. Through its Parliament, Ethiopia declared war against Eritrea on 13 May 1998. Ethiopia did so by misconstruing minor border skirmishes that occurred in Badme, the Eritrean town that remains occupied by Ethiopia to date. Ethiopia had stealthily occupied the Eritrean town of Adi Murug in the central zone few months back and had further attempted to encroach on Eritrean territories on the Assab region in January that year. The war continued for two years despite several agreements that were initially accepted and later thwarted by Ethiopia. When the two sides finally signed the Algiers Peace Agreement that was guaranteed by the UN Security

Council – explicit provisions in the Agreement inserted at the insistence of Eritrea in the face of repetitive Ethiopian breach of previous agreements and shoddy behaviour of renegeing on its solemn commitments - and the kernel of the problem solved legally through the arbitral decision of the Eritrea Ethiopia Boundary Commission in April 2002, Ethiopia again chose to fragrantly violate its treaty obligations and international law to reject implementation of the “final and binding” arbitral decision and to continue its occupation of sovereign Eritrean territories. Ethiopia has therefore been the principal source, and continues to be the main cause, of regional destabilisation.

32. Ethiopia has also been actively propping up Eritrean subversive armed groups since 1998 in pursuit of its sinister aims of destabilisation and avowed objectives of “regime change” that its Prime Minister has publicly admitted recently (Annex 9). Eritrea has not chosen to focus on this low-intensity conflict because it would only eclipse the much graver breach of international law and occupation that Ethiopia is culpable of. Eritrea did however raise this aspect of the conflict to the Monitoring Group and indicated its willingness to submit detailed evidences. The Monitoring Group were reluctant to discuss or receive the evidence claiming that “this was not within their mandate”.
33. From the foregoing, it is clear that Eritrea’s regional policy has been squarely and firmly rooted on promoting a conducive environment of good neighbourliness and cooperation. As a small and young country, Eritrea’s national interests do not lie, and are not served by, a turbulent climate of perennial confrontation and brinkmanship. Eritrea does not harbour wild ambitions of regional dominance, hegemony or territorial aggrandizement as it has been historically the case with successive Ethiopian regimes. Nor has it ever espoused some crazy ideology that it craved to export to the region with messianic zeal. In the instances in which it was involved in unfortunate confrontations – big or small – with Ethiopia, Djibouti, and Yemen, the new territorial claims and push to redraw the colonial boundaries did not emanate from Eritrea. Eritrea’s consistent and proclaimed position is to uphold the sanctity of inherited colonial boundaries; principles which are enshrined in the AU and other regional organisations to which Eritrea is a party. In all these cases too, Eritrea has from the outset argued for the

supremacy of international law; for resorting to arbitral instruments, consistent with Articles 33 and 95 of the UN Charter, as the preferred mechanism of solution. Furthermore, Eritrea has faithfully and strictly adhered to the Awards rendered by these bodies irrespective of its gain or loss in the outcome. This was not only the case with the Arbitration decision on the Hanish Islands. Eritrea also accepted the decision of the Eritrea Ethiopia Claims Commission (Annex 10) although it had compelling reasons to believe that the former exceeded its mandate to rule on the *jus ad bellum* dimension of the conflict which was assigned to the OAU by Article 3 of the Algiers Agreement (Annex 11).

34. But, intoxicated as they apparently were, by an obsessive desire to portray Eritrea in the most negative light, the Monitoring Group fell into the same trap when they describe Eritrea's foreign policy. Thus they claim: "*Eritrea's relations with its neighbours, since gaining independence, have been turbulent. In the process of defining the new State's borders (sic), the country has clashed with three of its neighbours – Ethiopia, Yemen and Djibouti - and maintained a complex, and somewhat ambiguous relationship with the Sudan...*". They further state: "... *In the course of the current mandate, the Monitoring Group obtained evidence of Eritrean support for armed opposition groups throughout the region, including, Djibouti, Ethiopia, Somalia and the Sudan*".
35. Although Eritrea's modest initiatives to contribute to a lasting solution to the Somali crisis date back to the early 1990s, the Monitoring Group distort Eritrea's legitimate role in Somalia as rooted in, and a simple extension of, "its proxy war" with Ethiopia. In addition to the myriad accusations they have levelled against Eritrea, which we shall address in greater detail in the second section, the Monitoring Group falsely asserts that "*there is no evidence to suggest that Eritrea, either in terms of unilateral initiative or through participation in multilateral forums, is employing its privileged (sic) relationship with Al-Shebaab or other opposition groups for the purpose of dialogue or reconciliation*" (page 69).
36. In the Sudan, Eritrea's long and constructive engagement is misconstrued with the Monitoring Group insinuating, without credible basis, of recent Eritrean "subversive activities to undermine the new State of South Sudan". They rely on obscure "SPLM political figures and numerous Eritrean

sources” to cast aspersions on Eritrea’s underlying motives and speculate, on the basis of innuendos: “*the principal reason behind this new tension (sic) has been Eritrean alleged concern that a smooth transition to independence of Southern Sudan might lead to closer relations between Khartoum and a number of Western Governments. Some SPLM officials also ascribe the growing friction in their relationship with Asmara to close cooperation between the Southern Sudan leadership and Ethiopia*”.

37. The Monitoring Group’s free-wheeling slander continues without let-up in other sections of the Report too. In a sinister desire to evoke a subliminal correlation with the present realities in Libya, they insult the Government of Eritrea and assert: “*...The Libyan Arab Jamahiriya has also long been a patron of the Eritrean leadership, contributing both direct financial support and in-kind contributions including allegedly, petroleum products*”. Eritrea’s position on development assistance is well known to merit elaboration here. But one wonders what the threshold of the Monitoring Group is for a donor State to become a patron of the receiving State? We are curious indeed to know who would be, by their standards, the patrons of Ethiopia (for instance) – which gets billions of dollars, of development assistance annually?
38. The Monitoring Group also try to associate Eritrea with presumed military ambitions of Iran in the area. They thus claim: “*... The Monitoring Group has obtained multiple, credible reports of military cooperation between Eritrea and the Islamic Republic of Iran in 2009... the Monitoring Group believes that the Sanctions Committee, with the assistance of the Monitoring Group, should continue to monitor this relationship closely*” (page 90). UN Security Council Resolution 1907 was passed on 23 December 2009. Hence, besides being factually incorrect, the reference in question covers events that occurred prior to the UN sanctions on arms embargo. And as Eritrea had every right to establish military ties with any other State, the singling out of Iran is intentional and smacks of ulterior motives.
39. Indeed, in this and the other cases that they compulsively expound, it is evident that the Monitoring Group’s intentions are to depict Eritrea as a “pariah state”. In most of their descriptions and interpretations of Eritrea’s foreign policy, one gets the uneasy feeling of reading almost literally the same words, the same script expounded in the foreign propaganda bulletins

of the Ethiopian regime and other avowed detractors of Eritrea. It is sad and unfortunate that the Monitoring Group have failed utterly to recognise the multi-faceted dimensions and complexity of the environment they were entrusted to investigate to end up as an unwitting mouthpiece of those who have long harboured ill-will against Eritrea and whose objective is, in the words of Jendai Frazer, the former US Assistant Secretary for Africa, to “pin down and punish Eritrea,” and who enunciated them long before the recent mayhem in Somalia was exploited.

III. ERITREA’S ECONOMIC, FINANCIAL AND MONETARY POLICIES

40. The economic, financial and monetary related allegations made by the Monitoring Group are regrettably based on hear-say, innuendos, fabrications and circumstantial evidence at best, much of which does not even merit a response as this would be tantamount to giving them credibility and undeserved legitimacy. Through these allegations, the Report attempts to delegitimize and criminalize Eritrea’s legitimate financial and monetary transactions in order to justify the unjust measures taken by the Security Council against Eritrea. It also intends to set the stage for possible further restrictions that might be contemplated by the sponsors of the sanction against the people and government of Eritrea. As indicated previously, the detailed response to the major allegations will be given in the second section of this document. In this chapter, the GOE will broadly underline the legitimacy and genuine purpose of the economic, financial and monetary transactions that it has, and continues to, undertake as a sovereign government and State to achieve its political and economic objectives.

41. At the outset, it is important to reiterate, for the record, Eritrea’s well known and uncompromising stance against terrorism, extremism and all forms of illicit and corrupt financial practices. Eritrea believes and is committed to conducting legal and transparent financial transactions. Furthermore, contrary to the allegations of the Monitoring Group, the Eritrean government does not tolerate human smuggling or trafficking. Citizens caught in the act are made accountable and punished to the

maximum under the law. For the Monitoring Group to suggest that the government of Eritrea encourages human trafficking in order to mobilize resources, when in fact Eritrea's development strategy is predicated on the enhancement of human resources is, therefore, ridiculous and preposterous. A government and people, such as Eritrea's, so focused on achieving their national development aspirations and goals hardly fit the caricature of a political and social order obsessed with supporting and promoting terrorism. In fact, as indicated above, Eritrea has a solid record of fighting terrorism both at home and in the region at large.

42. For the record, Eritrea's development strategy and the role of its financial institutions, and the Diaspora community is briefly summarized below.

A. Eritrea's Development Strategy

43. Eritrea strives to develop an open and dynamic economy anchored on self-reliance and full participation of its people. Establishing a resilient economy based on a well-functioning public and private partnership where the latter is competitive and socially responsible is the ultimate goal of its economic development strategy. As during the long struggle for independence, participation of the people, whether at home or in the Diaspora, is considered critical. Accordingly, citizens are mobilized to contribute to, and eventually benefit from, an expedited achievement of this widely-shared national goal. At the center of this strategy is maintenance of a predictable policy and regulatory framework that promotes regionally and sectorally balanced economic growth and efficiency. Eritrea's fiscal, monetary, foreign exchange, investment, trade, human and infrastructure development policies and investment programs are formulated, designed and implemented to achieve this objective. The strategy also aims at generating rapid socio-economic transformation with fiscal and monetary stability. Central to this development strategy and policy setting is Eritrea's drive to establish an effective public services delivery system with zero tolerance of corruption.

44. In the short twenty years since liberation, the Eritrean government has consistently pursued this strategy and introduced policies and created institutions to help realize the aspirations of its people. It has invested heavily to provide vital social services, including healthcare, education, energy, clean water and sanitation. It has invested on strategic infrastructure, including ports, airports, roads and communication facilities that are preconditions for sustainable development and poverty eradication. As a result of all these, and contrary to the fabricated claims in the Report of the Monitoring Group, Eritrea's economic recovery and growth performance have been satisfactory.
45. Notwithstanding the effects of the border war and protracted hostilities from Ethiopia, and in spite of intermittent droughts, especially during 1999-2004, the drive and momentum for socio-economic development has been maintained. Following liberation in 1991, investments in human resources development, strategic infrastructure, and modernization of production capacities in various sectors of the economy continue unabated. As indicated in Eritrea's MDG report, investments to expand and deepen primary and secondary healthcare as well as education, improving access to clean water and sanitation, urban and rural electrification, and ensuring food security have been reasonably successful. All these investments are undertaken with special focus on full participation of women and minority communities in the process of national development.
46. Eritrea's policy direction and organizational set up of key economic and social sector aimed at human resources development, elimination of communicable diseases, food security and poverty eradication have begun to pay dividends. Total school enrolment grew to over 600,000 today from less than 200,000 in 1991. Eritrea is one of the few LDCs that have been certified by the WHO as a polio free country. Malaria has for all practical purposes been eradicated. More than 75 percent of the population has now access to clean water. Health services have been extended to even the remotest villages of the country. Power generation has increased from 30 MW in 1991 to over 130 MW today. Eritrea's comprehensive MDG report indicates that Eritrea is on track to achieve 8

of the 10 MDG goals and targets by the target date of 2015. Eritrea is only one in four in the African continent to achieve the MDG goals.

47. All of the above are not intended to deny the obvious and adverse effects of war, erratic rainfall patterns and high world energy and food prices on the performance of the economy and welfare of our people. Indeed, these factors have had significant impact in slowing down economic growth and in exasperating macroeconomic imbalances including inflation. Ethiopia's war of aggression and the continuing "no-war no-peace" environment have had adverse effects on resource allocation and economic progress. Foreign exchange shortages triggered by and associated with rising world energy and food prices, in particular, have had serious negative consequences on implementation of our investment programs. To mitigate the effects of foreign exchange shortages on supplies of essential commodities and strategic investments, we have resorted to foreign exchange controls and centralized procurement of imports. Alongside the Bank of Eritrea, an oversight committee has been established to oversee and ration foreign exchange allocation based on higher preference to prioritized import requirements. As well, the Red Sea Corporation is given the full mandate to procure public sector imports efficiently. With these arrangements, during 1998-2010, the period of war and protracted Ethiopian hostilities, Eritrea's overall economic performance has not been as bad as alluded to in the Report. Again, for the record, selected macroeconomic performance indicators for this period are summarized below:

- GDP growth averaged around 2 percent, against 7-8 percent during 1992-1997;
- Inflation ranged between 9 and 12 percent, mainly propelled by energy and food prices and weaknesses in the national currency ;
- Fiscal deficit increased from 8 to 19 percent of GDP;

48. Given what Eritrea had to go through to defend its sovereignty and to sustain its development momentum using its own financial resources, its economic performance record has been good. This record is not something that should be slighted as the Monitoring Group Report does for its sinister purposes. Notwithstanding the relatively rapid increases in public debt and fiscal deficits, basic macroeconomic balances have been

maintained. This has enabled investors to remain confident on prospects of the economy and the soundness of the development policy framework and strategy that have been pursued to guide economic activities in Eritrea.

B. Eritrea's Economic Prospects

49. Eritrea's economic growth prospects are becoming increasingly brighter. Its sound economic policy and regulatory framework and its strategic investments undertaken in key sectors to embark the economy on a path of sustained growth are starting to bear fruit. The fiscal and monetary restraints that have been pursued, especially since 2002, to create conditions that would stimulate growth, with macroeconomic imbalances, are taking effect. Most sectors of the economy are now on the verge of taking off on a significantly higher growth trajectory than was the case in the past 13 years.
50. During 2011-2015, to be on a higher growth path and sustain it, Eritrea shall concentrate on enhancing economic efficiency in the use of existing assets and investible resources. And to continue restoring macroeconomic balances, prudent fiscal and monetary measures shall be consistently pursued. Productivity generating measures and new strategic investment where Eritrea has comparative advantages shall also be undertaken on a continuing basis. In particular, efficiency improvements that expand output in agriculture, fisheries, construction, mining, manufacturing, and the basic services sector, shall be vigorously pursued to generate growth.
51. Import-substitution and export oriented investment and management improvements in agriculture, fisheries and tourism, telecom, air-transport, and port handling services shall be accorded special attention in order to generate growth and needed foreign exchange earnings. The significant investments recently undertaken and currently underway in the mining sector are expected to generate substantial mineral output and export earnings. In combination, these measures are expected to embark the economy on a vigorous, dynamic and sustainable growth path. Based on a three-pronged strategy of improving factor efficiency, implementing new quick impacting strategic investments, and continuing fiscal and

monetary restraint, GDP growth of 7-10 percent with stability is considered achievable.

C. Eritrea's Financial System

52. Eritrea's financial system incorporates the Bank of Eritrea, Commercial Bank of Eritrea, Housing and Commerce Bank of Eritrea, Development and Investment Bank of Eritrea, Himbol Exchange Services, National Insurance Corporation of Eritrea and a few micro-credit institutions. These institutions have been playing a critical role in promoting socio-economic development. The Bank of Eritrea, the central bank regulating the banking system, is headquartered in Asmara and has a branch office in Massawa. The Commercial Bank of Eritrea, the largest bank in the country, has currently 17 branches spread in different urban centers of the country. The Housing and Commerce Bank that is headquartered in Asmara, has 10 branches in major cities. The Development and Investment Bank is located in Asmara and has 3 liaison offices outside of Asmara. By end 2010, the Eritrean financial sector had a staff of about 1150.
53. The financial system's primary function is to mobilize savings and allocate them among competing users. Demand and saving deposits in the Eritrean banking system have been increasing steadily. Approximately 80 percent of these savings are deposited with the Commercial Bank of Eritrea. Credits extended by the two commercial banks have also increased substantially. The Development and Investment Bank of Eritrea extended over ERN 600 million to support private sector development. Investment, production and consumption activities in agriculture, construction, commerce, mining, manufacturing and tourism have been benefiting from steadily improving financial intermediation. Since liberation, accessibility, efficiency, and reliability of financial services have improved steadily, improving prospects for faster economic growth and development.
54. Eritrea's experience with modern micro-financing is limited. There are currently a few micro-finance schemes providing small credits to those who cannot access credit from the formal banking sector. The largest

among them, the government owned Savings and Micro Credit Program (SMCP), is currently serving over 40,000 clients with individual and group loans that range between ERN 3,000 and 40,000. Micro-credit schemes have good potential to become effective financial intermediaries in the promotion of socio-economic development. At present, micro-credit institutions are supervised by Steering Committees under the general oversight and guidance of sector ministries. That is, micro-finance institutions are yet to be incorporated in the regulatory functions of the Bank of Eritrea or any other appropriate regulatory authority.

55. The National Insurance Corporation of Eritrea has a virtual monopoly of insurance business in the country. It is a share company, divested by the Government in accordance with Proclamation 144/2004, and headquartered in Asmara with several branches in other major cities. It provides risk protection in areas such as motor vehicles, fire and accident, marine, aviation, and term life. In collaboration with regional and international reinsurers, the Corporation provides protection in both local and foreign currencies in and outside of Eritrea. It is an efficient and respected leader in the provision of risk management products and services to businesses within the country. It also has a good potential to become a competitive and effective provider of risk management products and services in the Horn of Africa and the COMESA region.
56. In conclusion, and contrary to what has been insinuated in the Report of the Monitoring Group, all banking activities and transfer of funds by the Eritrean financial system are governed and regulated by Bank of Eritrea Proclamation (93/1997) and Financial Institutions Proclamation (94/1997) and are legal and transparent.

D. Role of Eritrean Diaspora

57. Eritrea has relatively large Diaspora community in Africa, the Middle East, Europe, North America and Asia. This community, like Eritreans inside the country, has been an integral and important part of Eritrea's 30-year armed struggle for independence. Eritrea was denied support by most of the international community while being victimized by successive Ethiopian Governments that obtained alternating help from the then two superpowers. During those trying times, the Eritrean Diaspora

steadfastly stood with their homeland and its legitimate struggle and they were the voice of Eritrea abroad.

58. Since independence, the commitment of the Eritrean Diaspora to their homeland has been no less significant. They are contributing to nation building and the reconstruction and development of the economy through individual and group investments and provision of needed professional and technical expertise. Both through their private capacity as citizens and in cooperation with the government, the Diaspora support with dedication orphans, victims of war and drought and their relatives through generous remittances. The Report of the Monitoring Group, which misconstrues the noble efforts of the Eritrean Diaspora as a source of finance for acts of terrorism, is an unfounded, unfair and deliberate misrepresentation of facts. On the contrary, Eritrea's self-reliant economic reconstruction and development strategy that is anchored on relentless efforts to mobilize own resources for development deserve recognition for what it is. It is an unswerving commitment by the government and the people to stand on their own feet rather than be subjected to the denigration that comes with aid-dependency and its crippling conditionality.
59. Furthermore, the Monitoring Group would need to appreciate that the Eritrean Diaspora's financial contributions that are aimed at strengthening Eritrea's political, economic and social development are voluntary. As already indicated, the practice has a long history, dating back to the early days of the armed struggle for national independence. In all regions where Eritrean Diaspora reside, their contributions to the national cause have always been voluntary, legal and legitimate. In the same vein, the legality and legitimacy of the 2 percent "Mehwey Gibri" (Rehabilitation and Recovery Tax) that Eritrean citizens who reside abroad are required to pay to the Eritrean treasury cannot be at issue here. This modest provision, which was enacted in 1994 long before the recent, sinister attempts to misconstrue it as a source of "terrorist funding", was essentially conceived in order to bolster the heavy social burden and safety net that the Government was shouldering as well as to partially cover costs incurred in the provision of social, legal and consular services to them or their dependents. This practice is exercised by many other

nations (Annex 12) and should not in any way be construed as illegal, or of a sinister nature, as alluded to in the Report. And for the record, contrary to the unsubstantiated claims of the Monitoring Group, the 2 percent tax on the Diaspora is collected through proper channels and deposited in the national treasury to finance Eritrea's reconstruction and development efforts.

IV. Section Two: Eritrea's Response to the Specific Accusations

This section will address all the major specific accusations contained in the Monitoring Group. For purposes of simplicity, the response will follow the chronological order of the accusations in the Report.

A. Support to armed groups in violence, destabilization or terrorist acts

60. On Page 69, the Monitoring Group alleges: *“In the course of the current mandate, the Monitoring Group obtained firm evidence of Eritrean support for armed opposition groups throughout the region, including Djibouti, Ethiopia, Somalia and the Sudan.”* As we shall show in the following paragraphs, however, the Monitoring Group fails to produce solid evidence to support its claims. In fact, its claims are sometimes (for example, in the case of Sudan) bewildering as it itself admits that the evidence is not strong enough to substantiate the allegations it makes.

61. In its discussions with the Monitoring Group, Eritrea did not only provide it with relevant information but also stressed the wider political and historical context that was necessary for a proper understanding of Eritrean policy and practice.

62. In regard to opposition movements in Ethiopia, it is common knowledge that in the period of armed struggle, the Eritrean People's Liberation Front (EPLF) had established strong ties of military and political cooperation with several Ethiopian armed opposition movements, including the EPRDF, which constitutes the current Government in Ethiopia. The political objectives and aspirations that underpinned and consolidated these ties were common ideals and aims of defeating the oppressive regimes in Addis Ababa to usher in a new chapter of regional harmony and cooperation. The EPLF was not only pivotal in forging these broad alliances but was also catalytic in the power-sharing formulas that were agreed in Addis Ababa on 7 June 1991 during the historic conference for the establishment of the Transitional Federal Government of Ethiopia that brought together the EPRDF, the OLF, the ONLF and other groups cited in the Report.

63. But while the EPLF and the new Government of Eritrea ceased all these military ties with all opposition movements in Ethiopia who were inside or outside the coalition government after 1991 - even when there was a fall out between the EPRDF and the OLF in 1994 and armed clashes erupted between them - the EPRDF continued to give safe haven and training to small Eritrean splinter groups during those years of robust amicable ties of friendship between the two governments and political movements. In those days, Eritrea repeatedly made clear to, and pleaded with, the authorities in Addis Ababa that it saw no useful purpose in igniting and sustaining low-intensity conflicts between the two countries.
64. After declaring war against Eritrea in 1998, the Ethiopian regime began to pursue this policy with redoubled vigour and by funnelling greater resources. In a futile attempt to dismember Eritrea, it created the Kunama Liberation Front and the Eritrean Red Sea Afar movements. It soon began to provide military, political, financial and diplomatic support to more than a dozen Eritrean subversive groups including the fundamentalist Jihad outfits. The litany of terrorist activities perpetrated by these groups include, among others, terrorist attacks in Barentu during the independence celebrations in 2005 that claimed the loss of 3 lives while causing heavy injuries to 50 others; and assaults on Canadian and Chinese mining companies in 2003 and 8 March 2010 respectively.
65. As mentioned earlier, Eritrea had offered to discuss these matters in greater depth during the January 2011 visit of the Monitoring Group. The latter declined on the grounds that this was not “*within their mandate*”.
66. This is the backdrop of the low-intensity conflicts that were principally precipitated by Ethiopia and that unfortunately permeate the relationship between both countries. These low intensity conflicts serve no useful purpose but will not likely be extinguished until and unless the larger and much graver breaches by Ethiopia of international law are redressed.
67. Ignoring this salient reality and with the purpose of implicating Eritrea in terrorism, the Monitoring Group decided to resort to a sensational accusation that Eritrea allegedly plotted to bomb Addis Ababa during the African Union Summit in January 2011. As this is the centerpiece of the Monitoring Group’s (and Ethiopia’s) accusations that Eritrea is engaged

in terrorist plots and acts of regional destabilization, debunking it should lay the Monitoring Groups allegations to rest.

68. The Monitoring Group claim that “*although ostensibly an OLF (Oromo Liberation Front) operation*”, the alleged plot was conceived, planned and directed by Eritrean National Security Agency. They conclude that the “*operation was effectively an Eritrean intelligence activity falsely flagged as an OLF initiative.*” The operation is described in a dramatic thriller fashion over several pages of confusing and contradictory narrative; one full of holes. The following expose shows that the SEMG accusation of Eritrea is utterly unfounded. As to the alleged role of the OLF, the organization can speak for itself.
69. To begin with, the source for the information and “evidence” that underpin the accusation are highly suspect and not credible. The Monitoring Group admits that its only sources for an allegation of this magnitude and import are Ethiopian security authorities and alleged perpetrators detained by Ethiopian security. It is obvious that an Ethiopian government that is hostile to Eritrea and actively campaigning for additional sanctions has the desire and the means to tamper with, embellish, distort, even fabricate pieces of evidence. It is also clear that any testimony by detainees in the hands of a government that is well known for routinely resorting to torture cannot contradict the official Ethiopian government version as this would lead to severe consequences for the detainees.
70. The Monitoring Group’s decision to accept wholesale the claims presented by Ethiopian authorities and their detainees is all the more inexplicable, given Ethiopia’s well known track record of falsely and deliberately blaming Eritrea and Ethiopian opposition groups for actual as well as fictitious bombings in the country. To cite only one example, a document released by “WikiLeaks” reveals that the United States Embassy in Addis Ababa believed that “a series of explosions in Addis Ababa that were heard on September 16, 2006 and which the Ethiopian Government reported were ‘part of a coordinated terror attack by the OLF and Sha’abiya (Eritrea) aimed at disrupting democratic development’ may have in fact been the work of GOE (Government of Ethiopia) security forces.” (Annex 13). Ethiopian authorities may

impute different reasons for fabricated attacks against them -“disrupting democratic development” or “disrupting an AU Summit”- but the pattern of lying and deception is clear.

71. It is not only the source for the allegations made by the Monitoring Group – Ethiopian intelligence officers that have been repeatedly caught red-handed - that is not credible. Its key “facts” are plain wrong. In its zeal to insinuate that the Addis Ababa bomb plot was masterminded and directed by Eritrean intelligence, the Group states that an Eritrean intelligence officer, Colonel Gemachew Ayana, played a key role in the alleged plot. Unfortunately for the Monitoring Group, Colonel Gemachew is an Ethiopian citizen and was a member of the Ethiopian Defense Forces (Annex 14A). He was commander of a Mechanized Division of the Ethiopian army until 2003 when he was accused, like dozens of other Oromo military officers, of clandestine involvement with the opposition Oromo Liberation Front (OLF) and relieved of his post. Some three years later he joined the OLF. Given that these are easily verifiable facts, it is puzzling why the Monitoring Group claimed in their report that he is an Eritrean officer in external intelligence (Monitoring Report; Annexes).
72. It is not only in the identity of the person that it alleges is the key actor that the Report is mistaken. Its central claim that Eritrean officers played the leading role in the plot, is plain wrong and contradicted by its own narrative.
73. The Monitoring Group allege that only one OLF detainee, the *“team leader Omar Idris Mohamed (OIM) appears to have been in regular contact with the OLF leadership. All other team members were isolated from OLF structures from the moment of recruitment and received training and orders direct from Eritrean officers.”* They add that according to Omar (the team leader) *“only OLF Chairman Dawud Ibsa was aware of the existence of the special operation and its objective, but does not appear to have exercised any command or control over its actions.”* Without lending any credence to the allegations, the mere fact that in the MG’s own admission the “team leader” was in “regular contact” with the “OLF Chairman” is inconsistent with the claim that this was merely an Eritrean operation “flagged” in the name of the OLF. By

the time one finishes reading the narrative, it becomes inescapable that if the Monitoring Group's allegations are in fact true - and again we do not believe they are - it is OLF officials who allegedly played the key role.

74. This is what the narrative says. Back in 2008, "*an OLF associate in Kenya put the leader of team 1, Fekadu, in contact with an Eritrean Colonel named Gemachew Ayana.*" (As previously stated, Gemachew is in fact an OLF official and not an Eritrean). Gemachew also approached Omar Idriss Mohammed (OIM), the overall OLF team leader, who says "*that he was contacted in August-September 2009 by OLF Chairman Dawud Ibsa and informed that he would be given a secret assignment.*" In March 2010 Gemachew "*instructed Fekadu and his team to return to Addis Ababa.*" Fekadu "*remained in contact with Gemachew with phone records indicating at least 27 conversations.*" Gemachew also arranged for "*money transfers to team members in Addis Ababa.*" According to Omar, it was Gemachew that "*gave team members the equipment and explosives that would be used in the operation.*" Again Gemachew "*provided final instructions and explosives.*" In early January Omar "*requested additional funds from Gemachew.*" In the last week of January, "*with time running out, Omar felt the need to consult with Gemachew, phone records appear to indicate that they made contact a total of 39 time, mainly initiated by Gemachew.*" There is some mention of Eritreans in the narrative, but in a limited and secondary role, again based on suspect testimony from detainees. Thus, even if we allow the narrative is in fact true - and Eritrea believes it isn't - it is abundantly clear that the alleged attempt was from start to finish an OLF effort.

75. As much as they tried, the Monitoring Group could not find a smoking gun to prove an Eritrean role in the "*bombing plot.*" Their report does not provide any evidence at all that the essential equipment, the explosives, that were going to be used in the alleged plot were sourced from Eritrea. The Report does state that a sniper rifle which allegedly was found in the possession of one of the members of the team was sold to Eritrea by Romania as corroborated by the Romanian Government. It is true that Eritrea did buy weapons, including sniper rifles from Romania, but even if we assume that the rifle in question is of Eritrean source, this still does not show conclusively when and how the rifle ended up in the hands of

the Ethiopian government. A single rifle - which can only be an incidental weapon in a bombing plot of several locations - of unproven provenance produced by a government (Ethiopia) that in no way can be regarded as a credible and impartial source of information, cannot be accepted as tangible, let alone incontrovertible evidence of Eritrea's masterminding of this alleged operation.

76. There are other major problems with the narrative, which reveal that the Monitoring Group did not even bother to counter-check the information that they were fed by the Ethiopian government and the detainees in its hands. It states categorically that the operation did not target African leaders, but then claims that one of the targets was the Sheraton Hotel where most of the leaders were staying. The Monitoring Group base much of their claims on an "*OLF contact list in Asmara*" but they then admit that this key piece of evidence is an outdated one from 2006. Realizing that they are on untenable grounds, they flimsily try to justify the validity of the tenuous argument by claiming that unnamed former OLF members (defectors) had told them that the list is currently valid, forgetting that testimony of defectors, now collaborating with the Ethiopian government, cannot be regarded as credible.
77. This account belies the claim that the alleged Addis Ababa operation was "*conceived, planned and directed by Eritrea.*" It also shows that there is no incontrovertible evidence of Eritrean involvement, even the limited role that remains once we take into the account that the alleged key actors, those who allegedly had the command and control, were non-Eritreans. We can only draw the conclusion that given the absence of any evidence of Eritrean culpability in regard to Somalia and Djibouti, the Monitoring Group had to resort to this sensationalized accusation to press their case for additional measures against Eritrea. This reminds us of an earlier accusation by the Monitoring Group that Eritrea had 2000 soldiers in Somalia, with detailed information on "when and how they arrived and where in what numbers they were deployed". That "showpiece" of an earlier report, which proved to have been totally groundless, was used at the time to build a case for sanctions against Eritrea.
78. Regarding **Djibouti**, although the report presents two allegations of what it calls "*Eritrean support of limited scale,*" its sources are dubious to say

the least. A “*former FRUD commander*”, detained by the Djibouti government, can hardly be expected to be a credible source. Although the detainee claimed, according to the report, that Eritrea provided “*food, medicines and treatment for wounded fighters*,” he denied receiving any weaponry or military equipment. He said that FRUD uniforms, arms and ammunition were purchased from Yemen. This contradicts claims by Djibouti authorities that the detainee had admitted that Eritrea provided arms. In addition, this SEMG allegation relates to the period prior to December 2009, as the latest claim of any Eritrean involvement was October 2009.

79. There is only one other allegation in the report, which claims that in February 2011, the Djibouti military seized 50kgs explosives hidden in a cave. The SEMG said the explosives were of Soviet era manufacture, and that it “*has been unable to trace their place of origin or chain of custody*”. Since there was no allegation of any Eritrean involvement, why mention this under Eritrea’s alleged violations?
80. It is therefore clear that by the Monitoring Group’s own admission, there is no evidence of Eritrean violation of Resolution 1907 in regard to Djibouti.
81. Concerning **Somalia**, given that the allegations of Eritrea’s military support to Al-Shabab has been the central concern of the Security Council and the main impetus behind the imposition of sanctions under Resolution 1907, it is remarkable that the Monitoring Group Report confirms that Eritrea is not in violation of 1907 in regards to military support to Al-Shabab or any armed group in Somalia. The report mentions claims from unidentified sources of Eritrean arms shipments to Kismayo (in fact Ethiopia had publicly made those accusations), but states categorically that it “*could not independently verify the reports.*”
82. Regarding financial support, the Monitoring Group state that they have documentary evidence of Eritrean payments to **individuals linked** to Al-Shabab, but admit that these relate only to 2008, a year before the cut-off date of December 2009. They mention “allegations” that financing continues, one source claiming to the tune of US\$ 80,000 per month, but they do not present a shred of evidence.

83. As to **Sudan**, the Monitoring Group Report again acknowledges that it is not possible to conclude that Eritrea has provided direct military assistance to groups engaged in the destabilization of South Sudan in violation of 1907.

B. Violations of the Arms Embargo

84. The Monitoring Group claim they have received “*credible, independent reports indicating that Eritrea has continued to procure arms and receive technical assistance since the imposition of the Security Council Resolution 1907(2009)*”. They acknowledge, however, that do not have “*evidence beyond reasonable doubt*”. Moreover, they admit that they have not been able to determine whether any government is directly involved in any deliberate violation of the arms embargo in regard to Eritrea. Even though the Monitoring Group’s own admission of the lack of incontrovertible evidence is enough to prove that Eritrea cannot be considered in violation of 1907, it is still useful to consider the circumstantial evidence in order to show that it is more flimsy than credible.

85. The maritime shipment that was allegedly unloaded in the Eritrean port city of Massawa on 19 November 2010 is a false conjecture that does not square with the facts. The Monitoring Group says that sources claim that the consignment comprised of “*99 12.7mm heavy machine guns, 12 60-mm mortars, 36 82-mm mortars, 48 anti-tank wire guided missiles and 29 sniper rifles,*” and continues, “*According to the same source, the coordinator of this operation was Admiral Humed Karikare, the chief of naval staff of the Eritrean Defence Force*”.

86. In the first place, the chief of Eritrean Naval Forces would not be involved in the unloading of military consignments and merchandise. Furthermore, this accusation emanates from “*an active Eritrean Defence Force contact on 24 November 2010 through a former Eritrean military general and Eritrean military commando*”. As we emphasized in the introduction, this source, “a former general”, whose identity Eritrea can easily presume, one who is involved in subversive activities against Eritrea and who is collaborating with Ethiopia, has every incentive to

disseminate all sorts of lies and disinformation against Eritrea. This was, after all, the same General who originally spread the false information of the establishment of an Iranian naval base in Eritrea. The websites of these subversive groups churn out, almost daily, preposterous news about Eritrea. This information is thus part and parcel of the smear campaign conducted by the subversive groups. It is sad but inept for the Monitoring Group to gullibly dance to their tune.

87. The Monitoring Group further assert: “*The Government of Eritrea did not fully respond to the Monitoring Group’s request for details of all vessels docked at or anchored off the coast of Massawa between 18 and 22 November 2010* “. This patently false. The Government of Eritrea has fully cooperated with the Monitoring Group and all specific requests submitted were faithfully provided. What Eritrea found objectionable was the MG’s blanket requests for logged data on all shipments to Massawa for an unspecified time. Eritrea tried to make the ground rules clear from the outset and to draw a line between legitimate requests tied to specific accusations with what appeared as an *arbitrary and intrusive right* that the Monitoring Group wanted to exercise in violation of the country’s sovereign prerogatives.
88. The Monitoring Group allude to a second vessel (registered in the Syrian Arab Republic) which, inferring from “*signals data was 16.8 nautical miles off the coast of Massawa at 0824 hrs on 19 November 2010.... The ship was also sighted at Massawa on 19 November 2010. The next signal available was 57.4 nautical miles off the port of Assab at 0716 hrs on 20 November. The Monitoring Group has attempted to make further inquiries but has received poor cooperation from Member States*”. Here again, the Government of Eritrea has faithfully provided to the Monitoring Group the details of the ship that unloaded its cargo in Massawa on 18 November 2010. No other vessel docked in Massawa in that period and any other report that the Monitoring Group may have received but could not verify “*due to poor cooperation from member states*” cannot be used to tarnish Eritrea’s credibility.
89. The Monitoring Group refers to a third vessel, “*the MV Ryu Gyoing, belonging to the Korea Sinhung Shipping Company,*” which it admits has nothing to do with the arms embargo. It states that the cargo of this

vessel, “*which originated from Pakistan and was discharged in Mogadiscio, was loaded with fairly innocuous consumables like cement and rice*”. One cannot help but wonder what a vessel originating in Pakistan and unloaded its cement and rice in Mogadiscio (sic) has to do with Eritrea and the arms embargo. But simply because the vessel is associated with a North Korean company, the Monitoring Group in characteristic form resort to malicious speculation to state: “*while the Monitoring Group does not have specific evidence that the movements of this vessel were linked to a violation of the sanctions regime, it considers them to be of a suspicious nature and to merit further monitoring*”.

90. Eritrea has responded to these accusations because they are false and grounded, like the other “evidences”, on “testimonies” provided by untrustworthy sources. It does not, otherwise, accept the arms embargo stipulated in Resolution 1907 as it contravenes Article 51 of the UN Charter on the right of self defence of any sovereign Member State under conditions of aggression and occupation.
91. The Monitoring Group’s description of the sordid affair in which the UK- based Sea Scorpion was involved in amplifies their biased approach. The Sea Scorpion, which has opaque affiliations with foreign intelligence services, was engaged in a criminal activity in Eritrea. It violated Eritrea’s sovereignty to enter its territorial waters illegally, to hide a cache of arms in the islands, and, to engage in sinister military rehearsals for the possible conduct of some pernicious military operation. These details were duly made public after the necessary investigation. And yet, the Monitoring Group, while admitting the affair had nothing to do with the arms embargo, devote several lines to the issue, giving the impression to the non-careful reader that it is somehow linked to Eritrean violations.
92. The Monitoring Group assert that they “*have obtained multiple, credible reports of military cooperation between Eritrea and the Islamic Republic of Iran in 2009*”. As stated earlier, why the Monitoring Group has singled out Iran, when Eritrea had military cooperation, with a number of countries, including members of the Security Council, is not difficult to imagine. In purely legal terms, Eritrea has every right to establish military cooperation with any sovereign country of its choice and any defence agreement with Iran effected prior to Resolution 1907 should not

be the business of the Monitoring Group. But for reasons unknown to Eritrea, a false propaganda campaign was sparked in 2008 alleging that Iran had established a new naval base in the Eritrean port of Assab. Eritrea had given a full and clear response to this unfounded allegation (Annex 14B). Yet, the Monitoring Group repeat variants of this smear campaign on the basis of sheer hearsay, in order to portray Eritrea in a negative light.

93. In another effort at creating a totally false picture, the Monitoring Group allege that maintenance work on Eritrean military aircraft was undertaken abroad, in Russia, Ukraine and Switzerland, in violation of the arms embargo and includes “photographs” of these aircraft under renovation. The caption on one group of photos of Sukhoi fighters in Ukraine states that the date is unknown, which begs the question why it was included as evidence in the first place if there was no information showing that it was in fact after Resolution 1907. The Military Group also download pictures of Eritrean Mig29 fighter aircraft in Krasnoda, The Russian Federation, that were “posted” in a Russian website in February 2010, without bothering to ask whether these pictures were not posted earlier. In fact, the pictures are from at least a decade back and for the Monitoring Group to include the allegations, without making the effort to ascertain the facts, is reprehensible indeed. There are also pictures of an Eritrean Pilatus civilian aircraft photographed in Switzerland, which the Monitoring Group again present as evidence of violations by Eritrea and other concerned countries, by disingenuously failing to state that it is in fact a civilian aircraft.

C. Export of Ammunition and Arms

90. On Page 95, the Report states: *“the Monitoring Group has established that senior Government officials are also involved in arms trafficking through the Sudan and Egypt, and has obtained independent eyewitness testimonies, as well as intelligence reports, of several such incidents taking place between 2008 and 2011.... This highly profitable, smuggling operation is overseen by General Teklay Kifle... Commander of the western military zone. His principal Sudanese counterpart in this cross-border activity is*

Mabrouk Mubarak Salim, the current Minister of Transport of the Sudan, is also a wealthy merchant and former leader of the now defunct “Free Lions” rebel group that once formed part of the Sudanese “Eastern Front” opposition alliance supported by Eritrea. Salim, an ethnic Rashaida, works closely with other well-established Rashaida smugglers, who operate with the full knowledge of Government officials on both sides of the border”.

91. This scurrilous accusation that so casually vilifies both Sudan and Eritrea highlights the shoddy approach and poor standards of the Monitoring Group in its investigative work. The accusation goes further to implicate unnamed, presumably more senior, Government “*officials on both sides of the border*”, although we are not told who these officials are and what is the evidence that proves their guilt. Apart from misleading sources, this story reflects a poor knowledge or total ignorance of the way of life of some ethnic groups that straddle several neighbouring countries. In this regard, the Rashaida, a very small minority group in Eritrea, also inhabit the coastal areas in the Sudan and Egypt. They are traditionally traders and in recent times, some of them have been involved in illegal trade as well as human trafficking. These are illicit activities that are not sanctioned but, on the contrary, firmly prosecuted by all the governments in the region. Within this broad context of some of their illicit trade activities, there may have been instances of arms trafficking. But this has not involved Eritrean government officials at any level whatsoever. The Monitoring Group’s baseless allegation that the Government of Eritrea “compensated families of this Rashaida group” is ridiculous indeed. Those directly responsible for these crimes, and/or families who might have been accessories to the crimes, would have been prosecuted and punished; not given “compensation” as the Monitoring Group foolishly claim on the basis of “testimonies” from criminal circles.

D. PFDJ Businesses and Financial Operations

92. The Monitoring Group present a muddled picture of PFDJ business structures and financial operations although they were granted ample time and access to conduct properly their enquiries. These are the facts as far as

the origin, legality, scope of activities and accountability mechanisms of PFDJ financial operations are concerned.

93. The Hidri Trust – which is the holding company of all PFDJ business enterprises – was duly established in the third Congress of the Front in 1994 to promote explicit social objectives. These were essentially the provision of social safety nets to the families of martyrs in the 30-year armed struggle of national liberation, to those maimed and injured by war as well as to promote additional developmental work in deprived areas and underprivileged segments of the population. True, these objectives were also, and remain, priority tasks for the Government of Eritrea as a whole. But in view of the enormity of the task, the additional mechanism was conceived in order to provide supplemental cushion and mitigate the prevalent challenge.
94. The companies established under the Hidri Trust are local enterprises – duly registered as private businesses. They do not enjoy preferential treatment of any kind and their business activities are regulated by, and subject to, the rigorous provisions of the Commercial and Investment Codes of the country.
95. As stated above, most of these companies are local enterprises that cater for domestic needs. They do not have subsidiaries abroad and do not earn significant revenues from exports.
96. Himbol has a business licence (Annex 15), issued in accordance with the Banking Proclamation of 1997, to provide financial services, mainly transfer of remittances, to Eritrean citizens in the country and in the Diaspora. Other banks in the country and notably the Commercial Bank of Eritrea – which is by far the largest bank in the country – have the same licences and they are all strictly regulated and supervised by the National Bank of Eritrea in as far as exchange rates and the implementation of other monetary policies are concerned.
97. The transfer of money is conducted through normative, transparent, procedures. Indeed, as illustrated in Annex 16, Himbol has contractual agreements with around 10 international banks based in the United States, the United Kingdom, Saudi Arabia and the United Arab Emirates among others.
98. Red Sea Trading Corporation is, again, a duly registered company (Annex 17) whose business activities include: “a) general trading including the

- import and export of goods; b) whole sale and retail business; c) act as a commission agent and representative of manufacturers; d) participate in local and international tender” (Memorandum and Articles of Association). The central business rationale for Red Sea Corporation when it was established in the mid 1990s was a certain degree of market stabilisation of vital commodities. This was done mainly by focussing its import activities on selected basic commodities, first and foremost grains and other essential food items, and selling them at low prices by keeping profit margins to an absolute minimum. Many private sector Eritrean businesses were also active in the trade sector and successfully competed with the Red Sea Corporation.
99. In the latter half of the past decade when because of the 1998-2000 war, the Ministry of Trade and Industry prohibited *franco valuta* imports and the Government introduced stringent regulations on foreign currency transactions, Red Sea Corporation was selected, for economies of scale reasons, as the procurement agent for the Government for basic consumable goods. In all these transactions, Red Sea’s profit margins were made to be the lowest, by contractual agreement, with the Ministry of Finance that regulated and determined the pricing issues. Red Sea Corporation was never involved in military or most of the heavy machinery purchases of the Government.
100. While these are the facts, the Monitoring Group concocts an imaginary picture on the basis of “*interviews with Eritrean businessmen who operate in Eritrea*”. It thus concludes: “*Essentially, Eritrea manages two parallel economies: a formal economic sphere ostensibly managed by the State, and an opaque, largely offshore financial system controlled by elements in the ruling party and their supporters.... The informal PFDJ-controlled economy ... involves a much higher proportion of hard currency transactions than the formal economy and is managed almost entirely offshore through a labyrinthine multinational network of companies, individuals and bank accounts, many of which do not declare any affiliation to PFDJ or the Eritrean State, and routinely engage in “grey” or illicit activities. Although it is impossible to obtain reliable figures about the size of this informal economy, it is apparently more than sufficient to enable the kinds of external operations described in the report*”.

101. It is rather foolhardy for the Monitoring Group to make such gross and slanderous statements without any shred of evidence. As described above, the PFDJ business activities are incorporated within the duly constituted Hidri Trust Fund. All the constituent companies have valid business licences, pay their taxes, operate with transparency and are regulated by the competent Ministries. These companies do not exceed a dozen and are pretty small in terms of the aggregate business enterprises in the country whose number exceeds 60,000. They do not control one single productive sector and are not in fact involved in the most lucrative sectors of the economy (mining, fisheries, commercial agriculture etc.). The profit margins of these companies are kept low because of the overriding business rationale of market stabilisation that was decided at the EPLF Third Congress. The assertion that “*they are managed almost entirely offshore through a labyrinthine multinational network of companies, individuals, and bank accounts...*” is, purely, a figment of the imagination of the Monitoring Group or its ill-informed sources. The second part of the assertion which reads: “*.....Many of these companies and individuals do not declare any affiliation to PFDJ or the Eritrean State, and routinely engage in grey or illicit activities*” is simply too ridiculous to merit a response. If these people are not affiliated to the PFDJ or the Eritrean State, then why is their purported crime attributed to both? Who are these people and companies anyway? Do they have names? Do they have addresses? If they operate abroad in “*grey areas or illicit activities*”, which are these countries and how do these people evade the law-enforcement agencies of these countries? We could go on and on...

102. The Monitoring Group wallow in their wrong track to portray another false image of Mr. Hagos Gebrehiwot Maesho. Mr. Hagos is the Head of the PFDJ Economic Department elected in the Congress and principally the CEO of the Hidri Trust Fund. His last name is wrong and an exact replica of what appeared in the list of Eritrean senior officials that Ethiopia submitted to the UN for a travel ban last year. One presumes that most of the other misleading information was also obtained from Ethiopia. As described in the first section, recovery tax collection falls under the purview of the Ministry of Finance; not, as the Monitoring Group wrongly assert, under Mr. Hagos’s Hidri Trust.

103. Foreign currency allocation to government institutions or the private sector are not determined by Mr. Hagos. These are within the purview of the Bank of Eritrea and Ministry of Finance for the public sector (as they are tied up with capital and recurrent budget allocations) and primarily with the Bank of Eritrea for the private sector. In accordance with standard government practice during difficult times, however, the Government of Eritrea established a task force composed of the Minister of Finance, the Acting President of the National Bank, the CEO of Commercial Bank and Mr. Hagos to determine the optimal allocation of hard currency in a situation of competing demands that exceeded supply. This was a stopgap measure that functioned from 2004 until 2008. Mr. Hagos was a member of the Committee; not the sole person authorized to make unilateral decisions. The Chairman of the Committee was also the Minister of Finance.
104. The Monitoring Group whitewash the illegal seizure of money and other assets of the Eritrean Cultural Center by officials of the US Homeland Security in Washington in 2004. This act was in flagrant breach of the Vienna Conventions on Diplomatic Immunities and Privileges. Eritrea protested to this act strongly at the time. The US State Department then verbally acknowledged that the measure was not appropriate but gave the flimsy excuse that the matter was within the jurisdiction of the Justice Department. The closure of the Oakland consulate in 2007 was not related to the episode above although Eritrea sees no purpose into delving into matters of bilateral concern with the United States in this report. Mr. Hagos did not issue new instructions to “*conceal the manner in which PFDJ financial transfers are managed*” as the Monitoring Group assert on the basis of hearsay and without any shred of evidence.
105. The Monitoring Group go further to implicate, in what appears like a malicious witch-hunt, a number of ordinary, law-abiding, Eritrean citizens in various countries who own retail shops, small restaurants, and even taxi drivers and recklessly dub them as economic “agents” of the PFDJ involved in “*opaque and illicit transfer of funds and money laundering*”. Eritrea hopes that these citizens will have access to competent courts to open libel suits against the Monitoring Group. Most of them may have political affiliations with the PFDJ, which is their right, and this cannot surely be misconstrued as an offense by any standards. The small retail shop or “taxi”

some of them own are not certainly PFDJ “enterprises”. Just to highlight the ludicrousness of the Report, we shall describe the true identities of the following persons: i). Mr. Haile Zerom is an ordinary citizen living in Milan. He was elected to the National Assembly in the few posts allocated to the Diaspora. He is not an agent of the PFDJ as the Report claims. ii) Mr. Tsehaie Tukai is another ordinary, law-abiding citizen resident in Italy since the early 1970s. He owns an Eritrean restaurant with five other Eritrean partners. They also own a small hotel in Asmara. iii) Mr. Tesfai Bairies is, again, another law-abiding Eritrean citizen who owns a gas station in Virginia in Washington. iv) Mrs. Martha owns a real estate office in Chicago. We could go on and on....But it would be a waste of time.

106. The Monitoring Group state, on the basis of sheer innuendos, “*PFDJ financial networks in Italy are apparently closely linked to party cells in Switzerland. According to the same sources, a number of Italy-based PFDJ agents travel regularly to Switzerland, where similar businesses operate on behalf of PFDJ. The Monitoring Group has seen photos of these alleged agents*”. One wonders what a photo of an alleged agent looks like. Do they wear special hats, don peculiar suits or carry tell-tale suitcases or other spook paraphernalia that betrays their identity to the connoisseur? It is incredible how the Monitoring Group swallow *in toto* even the most absurd stories concocted by these shadowy sources. Perhaps in this particular case, they were blinded from seeing the obvious flaws in the silly story by their obsession to link the PFDJ with some secret Bank account in Switzerland! Whatever the case, this level of amateurish standard should be enough, in itself, to disqualify them from any investigative work.

E. Honorary Councils and offshore business partners

107. The Monitoring Group wrongly and without a shred of evidence state: “*Foreign businessmen, some of whom are appointed honorary consuls, play a key role in the PFDJ offshore financial networks. In several cases brought to the attention of the Monitoring Group, such individuals appear to be closely involved in military procurement and, in some cases, in criminal activity*”.

108. In the course of the last twenty years of independence, Eritrea has appointed a number of honorary consuls in several countries (full list in Annex 18). This is a universal practice and takes effect only after going through standard diplomatic processes whereby the designated consul has to receive legal accreditation by the host country. In Eritrea, the following countries have honorary consuls in Asmara: Belgium, Canada, Japan, Sweden, Turkey, India, Austria, and Cote’D’Ivoire.
109. The Honorary Consuls are appointed by, and are accountable to, the Ministry of Foreign Affairs. Their standard jobs include investment promotion, issuance of visas etc. They are not appointed by, accountable to, or agents of, the PFDJ economic affairs department.
110. The Monitoring Group crow a lot about the conviction of Mr. Pier Gianni Prosperini. First off, Mr. Prosperini was not an honorary consul of Eritrea, but as a regional Minister of Culture in Lombardy, he vigorously promoted Italian investments and trade with Eritrea. In that capacity, Mr. Prosperini facilitated initial contacts with an Italian company for the purchase by Eritrea of 8 fishing vessels. This occurred long before his incarceration in Italy for matters that Eritrea is not privy to; (Annex 19). The Monitoring Group further state: “...*he has also been involved in the smuggling of alleged dual-use equipment to the Islamic Republic of Iran and is under investigation for a similar case involving Eritrea*”. The latter conjecture is strange indeed. Even if he were involved in procurement of dual-use equipment to Eritrea, this would not have been illegal then by any stretch of imagination. So what is the point? Is the Monitoring Group ignorant enough not to discern these differences with the case of Iran which might have been under European or Italian arms embargo? Or is this a deliberate but poor attempt to associate Eritrea with Iran for some dramatic effect?
111. One also fails to see the logic of this bizarre pre-occupation on Eritrea’s honorary consuls. Although it may sound hyperbolic, the impeachment of President Nixon does not, surely, mean that the American people should not elect Presidents. If Eritrea appoints an honorary consul when he has excellent reputation and when this appointment is sanctioned by the receiving State of whom he is a citizen, is Eritrea responsible for any offense he commits later on his own account? And should Eritrea cease the time-

honoured practice of appointing honorary consuls because one in twenty turned out to a bad apple?

112. The Monitoring Group single out Mr. Shakil Kashmirwala and Mr. Abdullahi Matraji for unfathomable reasons. As far as Mr. Shakil is concerned, the Monitoring Group state that he “*hosted a high-level delegation of Eritrean military officials to Pakistan in 2006 where he claimed to have visited munitions factories or ordnance establishments with them*”. What is wrong with these activities? The issue here is not whether this occurred or not factually. Was Eritrea barred, in 2006, from buying arms from Pakistan? This is again another piece of nonsense whose aim is not difficult to decipher. As far as Mr. Matraji is concerned, the Monitoring Group state that his father was convicted for forging US dollars in 1997 and charged for trading in arms in 1995. Whatever the veracity of these claims, Mr. Matraji is not guilty for offenses that may have been committed by his father. That is indeed why the Government of Lebanon granted him accreditation to serve as an honorary consul of Eritrea.
113. Mingled with the trivia on honorary consuls, the Monitoring Group impugn an Eritrean businessman, Mr. Asmerom Mekonen. The Monitoring Group wrongly describe Mr. Mokonen as “*a legal representative of the company and as a business partner of Colonel Woldu Ghereyesus Barya*”. In the first place, Mr. Asmerom is the owner of Piccini; an engineering and agricultural machinery producing company that has markets worldwide, including in Eritrea. Colonel Woldu Ghereyesus (Barya is his nickname,; not his last name) is manager of a public Eritrean company, and does not own a single share in Piccini. The Ministry of Agriculture and Government Garages have bought several machinery from Piccini throughout the years. What is wrong with these business transactions? Why Mr. Asmerom has attracted the attention of the Monitoring Group is baffling indeed! The Monitoring Group add, towards the end of paragraph 404 (page 106): “*that they have been reliably informed by a law enforcement source that one of Officine Piccini’s shareholders is under investigation for money-laundering by the Swiss Police*”. One wonders what that has got to do with Mr. Asmerom. In any case, an ongoing investigation is not tantamount to proof of guilt beyond doubt. So even if the allusion is to Mr. Asmerom, what is the hurry and rationale for pre-judging an investigation process that is

presumably on the offing? This case again highlights the irrational obsession of the Monitoring Group to engage in a witch hunt to find any dirt and link or attribute it somehow to Eritrea.

114. The Monitoring Group try, rather ineptly, to establish a paper trail of illegal money transfer through individual accounts from “*the United States, through Dubai and Nairobi, into the hands of armed opposition groups in Somalia and the Horn of Africa*”. The sources for this intricate scheme are unnamed “*law enforcement agents, an obscure businessman and a former PFDJ finance official*”. The flimsy evidences run like; “*law enforcement agents have confirmed that a taxi driver resident in Virginia is involved in the transfer of illicit funds to Dubai, but did not provide the name of the individual*”. The Monitoring Group then proceed to list the names of a dozen individuals and sound baffled why these “*people have accounts with the Standard Chartered Bank and Commercial Bank of Dubai*”! Then they drop the bombshell... “*Multiple Eritrean sources in Dubai and the United States have informed the Group that individuals and enterprises on this list are affiliated with PFDJ and may play a role in laundering its funds*”. This is purely libellous that merits prosecution in competent courts by the maligned individuals.

F. Contraband trade and human smuggling and trafficking

115. The Monitoring Group talk about “*a multi-million dollar contraband trade between Eritrea and the Sudan*”. They further state: “*... the embassy of Eritrea in the Sudan plays a key role in this illicit trade*”. There are two simple issues here: i) why would the Government of the Sudan tolerate an illicit, multi-million dollar trade coordinated by the Eritrean ambassador? It would have long declared him *persona non grata*; and/or officially protested to the Government of Eritrea. The Monitoring Group could have verified these facts easily. ii) Trade relations that are based on COMESA, IGAD or CENSAD provisions and/or transit trade that may occur on the basis of supplemental bilateral agreements are not, and should not be, matters of concern to the Monitoring Group.

116. The Monitoring Group further claim, without any substantiation or the usual reference to some obscure source, that “*Eritrean intelligence is heavily*

involved in financial operations in Juba, southern Sudan, where PFDJ controls hotel businesses, water distribution and the insurance market in collusion with local partners. Juba is also a regular destination for several known Eritrean intelligence operatives”. This is really sickening. The business activities cited are owned by individual Eritreans. The Eritrean Insurance Company has a joint venture, in which it is the minority owner; but as described before, it is not a PFDJ company. If Eritrean intelligence operatives regularly visit Juba, although that is not factually the case, or if they do so on the basis of some bilateral security arrangement between the two governments, this is none of the Monitoring Group’s business.

117. The Monitoring Group’s compulsive quest to find Eritrea culpable and degraded standards of proof are underscored by its outrageous assertions on human trafficking. The Report states: “...*People smuggling is so pervasive that it could not be possible without the complicity of the Government and party officials, especially military officers, working in the western border zone, which is headed by General Teklai Kifle “Manjus”. Multiple sources have described to the Monitoring Group how Eritrean officials collaborate with ethnic Rashaida smugglers to move their human cargo through the Sudan into Egypt and beyond. This is in most respects the same network involved in smuggling weapons through to Sinai into Gaza.... An Eritrean directly involved in smuggling operations into Egypt explained to the Monitoring Group how family members are required to send the funds via money transfer agencies to Eritrean officials operating in the Eritrean embassy in Egypt, and in Israel, in order to secure the release of relatives....senior Government and/or party officials linked to General Kifle’s command profit from the practice. The Monitoring Group has obtained details of a Swiss bank account into which the proceeds from smuggling have been deposited and has provided the Swiss authorities with information related to this account, together with the personal and contact details of the Swiss-based coordinator of this trafficking ring and details of the coordinator’s Egypt-based associates”.*

118. The Monitoring Group might have dug its own grave, rather unwittingly, with the last sentence. Because if there is no Swiss bank account, or if the account belongs to notorious criminals and fugitives from the law, then it

would be evident indeed that the Monitoring Group has all along been pursuing a mirage.

119. Pending that outcome, let us examine the other facts. First off, almost all the evidence for its claims come from “*interviews with Eritrean individuals involved in people smuggling operations*”. Eritrea requests details of these individuals for legal prosecution because they are involved in serious crimes. Eritrea finds the unfounded invective against General Tekle and “*other unnamed senior party and Government officials*” offensive and unpardonable. The conduct of the Monitoring Group to gratuitously slander senior Government officials should not be tolerated with impunity.
120. Secondly, Eritrea’s vehement opposition to human trafficking, which has at times involved personnel of the UNHCR and the US Government, is a matter of record indeed. Eritrea recognises the “push and pull factors” that contribute to migration even during normal times. People naturally migrate to seek greener pastures. But there are other reasons for the increment of illegal migration in the past five or six years in Eritrea. In 2004, the UNHCR in collaboration with the United States and some northern European countries organised, without the knowledge and consent of the Eritrean government, the wholesale migration of communities belonging to the Kunama language group. The Government of Eritrea opposed these machinations and ultimately succeeded to stop it although hundreds of families were smuggled out in the early months (Annex 20). As disclosed in Wikileaks documents (Annex 21), the US embassy in Asmara has been vigorously involved in issuing special permits to Eritrean college students who would then pick their visas in the Sudan or other neighbouring countries once they leave the country illegally; i.e. through the services of human traffickers. The US Bureau for Refugee Affairs allocates 10,000 asylum rights to Eritrean youth, especially those in the national services, on an annual basis. This is a flagrant inducement for them to leave the country illegally. Eritrea has conveyed its strong opposition and rejection of this policy to US authorities on various occasions. The Monitoring Group’s attempts to accuse Eritrea for human trafficking are ludicrous indeed!

