I Quaderni di Med-Or

Special Report

The Red Sea and the Gulf of Aden

Dynamics, Main Risks, and Key Considerations for Italy

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About the Report

Recent attacks on international maritime traffic by the Yemeni Houthi group have highlighted the strategic importance of the Red Sea and Gulf of Aden area across global media. However, in recent years, the geopolitical and geo-economic dynamics of the Horn of Africa have become inextricably linked with those of the Middle East and the wider Indian Ocean in a manner unprecedented over the last century.

Italian foreign policy, like that of other European actors, has nevertheless struggled to keep pace with these complex, interconnected, and transregional dynamics, as well as to account for the growing relevance of the region to Italian interests. In this context, this report aims to lay the groundwork for a high-level seminar with key Italian stakeholders on the topic of the Red Sea and the Gulf of Aden. The seminar will be held at the Med-Or Foundation on March 27, 2024.

The following report is the result of several visits to the region (Eritrea, Ethiopia, Kenya, Somalia, Saudi Arabia, and the United Arab Emirates) conducted between September 2023 and March 2024 by Umberto Tavolato, Senior Advisor to the Med-Or Foundation. During these visits, numerous meetings were held with high-level government officials, regional representatives of major insurance and shipping multinationals, and regional experts. The report aims to outline the current state, key trends, and main risks in this region. It concludes by defining Italy's interests in the Red Sea and the Gulf of Aden in order to initiate a debate and identify more specific initiatives and proposals to defend and promote these interests.

Context

Just a year ago, around this time, prospects for the region seemed promising. Anticipation surrounding the Cessation of Hostilities Agreement (CoHA) between the Ethiopian federal government and the Tigray People's Liberation Front (TPLF) had raised hopes for the restoration of stability and the promotion of growth in the Horn of Africa's largest country. In line with an internationally supported transition plan, Sudan was expected to undergo a transfer of power from the military junta to a civilian government as early as April 2023. The newly re-elected President of Somalia placed reconciliation, good neighborliness, and the fight against Al-Shabaab back at the top of the government's agenda. In Yemen, a UN-mediated ceasefire was in place, paving the way for peace talks between Saudi Arabia and the Houthis. Israel was expanding its diplomatic presence in the Red Sea, fueling growing expectations for normalized relations with Saudi Arabia. At the same time, Gulf countries were actively mobilizing funds and companies to invest in rapidly developing African economies, aligning with their visions to accelerate economic diversification plans.

Contrary to initial expectations, however, 2023 proved to be one of the darkest years for the region in recent decades. In Ethiopia, peace in Tigray was expected to bring stability; instead, it triggered a new conflict in the Amhara region, worsening the ongoing crisis in Oromia. Sudan's transition plans collapsed, giving way to an unprecedented civil war starting last April, leading to the breakdown of the Sudanese state and a mass exodus. Relations between Ethiopia and Eritrea deteriorated irrevocably. Furthermore, with the surprise New Year's Day announcement of a Memorandum of Understanding (MoU) between Ethiopia and the northern Somali region of Somaliland—granting Ethiopia territorial control on the Gulf of Aden sea (Somaliland)—a new crisis erupted in Ethiopian-Somali relations.

Finally, the terrorist attacks by Hamas and Israel's response indefinitely postponed the prospects of normalization between Saudi Arabia and Israel and a mutual defense pact between the United States and Saudi Arabia. Upon closer inspection, Hamas, the Houthis, and Hezbollah—the so-called "Axis of Resistance"—widely employ terrorist practices to undermine Middle Eastern stability. These organizations,

together with Daesh, share similar terrorist methods, yet they also possess distinct identity dimensions and could end up competing among themselves.

In particular, as 2023 drew to a close, the Houthis engaged in disruptive actions against commercial shipping, resorting to hijackings off the coast of Yemen in response to the Israeli military operation in Gaza. Their goal appears to be implementing a strategy previously theorized by Daesh to exploit global maritime "choke points" in order to stifle world trade, starting with the Red Sea and the Gulf of Aden, where maritime security inevitably returned to the center of global attention at the start of 2024.

The global economy faces significant implications, given that 12% of maritime trade (totaling 21,344 merchant vessels in 2023) passes through Bab el-Mandeb, a strategic strait between Yemen and the Horn of Africa. To avoid Houthi attacks, major shipping lines decided in November to reroute their ships around the Cape of Good Hope in South Africa. As a result, maritime traffic through the Red Sea experienced a 78% decrease compared to October levels, driving up transport costs from Asia to Europe by 35%.

For Italy, the implications appear particularly severe. Until a few months ago, approximately 40% of the country's maritime trade transited through the Red Sea. Overall, damage to Italian foreign trade between November 2023 and January 2024 totaled €8.8 billion: €3.3 billion in exports lost or delayed, and €5.5 billion in supply disruptions—losses of €35 million and €60 million per day, respectively. Comparing data from January and February 2023 with the first two months of 2024 shows a 3.6% contraction in merchant ship arrivals, impacting the ports of Genoa, Livorno, and Venice in particular. Specifically, the food sector could be among the hardest hit, as 3 million tons of agricultural supplies pass through the Red Sea annually, accounting for roughly 10% of all agri-food products bound for Italy.

Although acts of aggression in this region are not unprecedented (recalling piracy off the coast of Somalia in the 2010s), the scale of recent attacks by the Houthis using drones and missiles is unmatched. In response, both US and British forces launched military operations against Houthi positions, raising the risk of broader regional escalation and reigniting the conflict in Yemen.

It was precisely the severity of this risk that prompted the EU to deploy a new naval and air operation for maritime security in the Red Sea, named EUNAVFOR "Aspides." The initiative, launched at the impetus of Greece, Italy, and France, aims to protect commercial transit routes through escort, patrol, surveillance, and threat interception activities. This highlights the main difference with the Anglo-American-led mission: "Aspides" does not involve strike operations on Yemeni soil and operates outside the logic of active deterrence; it is strictly a defensive operation whose opera-

tional scope extends across the maritime area between Bab el-Mandeb and Hormuz, including the Red Sea, Gulf of Aden, Arabian Sea, Gulf of Oman, and the Persian Gulf. Such an approach appears more suited to European prerogatives, as it aims to prevent any conflict spillover while avoiding prejudice to the interests of Arab partner nations unwilling to escalate tensions with Tehran.

While the Arab world focuses its diplomatic efforts on preventing the Gaza war from expanding into a broader Middle Eastern conflict involving Iran, there is far less international focus on preventing ongoing conflicts in the Horn of Africa from escalating into more dangerous regional wars. Consequently, throughout 2024, additional threats to the Red Sea and Gulf of Aden could emerge from the African coast.

In Sudan, the Rapid Support Forces (RSF) have captured significant parts of the country, but the Sudanese Armed Forces (SAF) maintain control over the Red Sea coast and are conducting a military counter-offensive in the capital, Khartoum. Most concerning is that the conflict has become increasingly regionalized.

In Ethiopia, Prime Minister Abiy Ahmed argues that it is time for the country to secure access to the sea "by any means necessary," putting him at odds with Somalia, Eritrea, and Djibouti. Consequently, Eritrea is preparing to counter a potential future Ethiopian military offensive on the Red Sea coast. At the same time, Somalia has offered significant economic concessions to Turkey in exchange for Turkish naval assistance in defending its strategic coastline—the longest in mainland Africa.

Egypt has withdrawn from negotiations with Ethiopia over the Grand Ethiopian Renaissance Dam (GERD) project, adopting a more confrontational stance toward Addis Ababa while actively engaging Somalia, Eritrea, and Djibouti. However, Cairo is overwhelmed with challenges, surrounded by conflicts in Libya, Sudan, and Gaza at a time when its already fragile economy faces further strain due to the diversion of Suez Canal transits. Comparing January 2023 to January 2024, revenue from Suez Canal transit dropped by 40%, threatening a contraction of around 2% of Egyptian GDP and exacerbating an acute need for foreign currency. Furthermore, the proximity of the Gaza conflict to Sinai could lead to heavy losses in the tourism sector, which generated over $13 billion in 2023. With the impending Israeli military assault on the overcrowded Palestinian city of Rafah, there are well-founded concerns regarding a massive influx of Palestinians into Egypt, carrying long-term security implications for the Sinai Peninsula.

Turkey has successfully capitalized on over a decade of serious diplomatic and security engagement in Somalia. In February, Ankara signed a major defense agreement with Somalia, committing to protect its coastline via the Turkish navy and build its naval capability in exchange for a lucrative 10-year concession for fishing and oil/gas exploration. Somali President Hassan Sheikh had proposed a similar

agreement to Italy in 2023, but did not receive a commitment from Rome. Days after the Somalia agreement, Ankara signed a second defense deal with Djibouti, projecting its naval presence directly into the Bab el-Mandeb Strait.

These dynamics are taking place at a time when military operations against Al-Shabaab in Somalia are stalled, relations with Ethiopia have deteriorated, the African Union Transition Mission in Somalia (ATMIS) is significantly drawing down its presence, and a highly contested constitutional process threatens to divide the country.

Arguably, the most significant opportunity for the Red Sea sub-region comes from the Gulf countries—referred to here as Gulf Cooperation Council (GCC) states—who view the region as a crucial source for diversifying their economies away from oil revenues. In this context, the UAE was a forerunner among Arabian Peninsula states, spending the last decade building an impressive commercial and security network across the Gulf of Aden, from southern Yemen to northern Somalia. Meanwhile, Saudi Arabia is investing heavily along its western Red Sea coast under the "Vision 2030" strategic framework. This requires the Kingdom to safeguard the sustainability and security of its domestic investments, inaugurating an era of investments in Africa, starting with Red Sea littoral states.

Key Trends

Developments in the Red Sea must be viewed in the context of several prevailing trends in the region, including the crisis of multilateral diplomacy; the resort to arms as a first rather than last resort to resolve political issues; the proliferation of armed drones in highly unstable settings; a growing diplomatic pattern of "minilateralism" producing short-term political deals rather than long-term peace treaties; contracting or defaulting economies and mass famines; and divisions among major Gulf states. In short, the collapse of the Pax Americana in the region with no regional order ready to replace it.

The Crisis of Multilateral Diplomacy

Fifteen years ago, the umbrella of "Pax Americana" extended across the entire Red Sea. Under its shadow, Arabian Peninsula states and the African coastline were protected through the United Nations, the African Union, and Meles Zenawi's Ethiopia, which dominated the Horn of Africa through IGAD. Over the past decade, however, the United States has reduced its involvement in the region to focus increasingly on the Indo-Pacific. The handling of the Gaza conflict has further eroded US legitimacy in the Red Sea and Gulf of Aden—a region populated primarily by Muslim nations. It is no coincidence that no Red Sea or Gulf of Aden country joined the US-led naval mission to protect shipping lanes against Houthi attacks in Yemen.

The consequence of American disengagement has been a breakdown of international balances in the Red Sea and a new regional disorder. The UN Security Council is at a standstill, primarily due to the conflicts in Ukraine and Gaza. In this region, the UN has transformed from a peacekeeping organization into a predominantly humanitarian one. The African Union lacks the leadership required to bridge the diplomatic divide. The regional organization IGAD is strained by the war in Sudan and the Ethiopian Prime Minister's controversial MoU with Somaliland, making it currently too divided to fulfill its mandates. The Arabian Peninsula countries, particularly Saudi Arabia, could fill the vacuum—partly through the creation of an Intergovernmental Council of Red Sea and Gulf of Aden States—yet have chosen a wait-and-see approach for now.

Meanwhile, on January 1, 2024, the five BRICS members (Brazil, Russia, India, China, and South Africa) were joined by Egypt, Iran, and the UAE, while Saudi Arabia was invited and postponed its decision. It is no coincidence that all new BRICS members hail from the Red Sea region—a clear testament to the geo-economic importance of this region to the Global South, especially when compared to other major African and Latin American heavyweights (primarily Nigeria and Argentina) that sought membership. Termed "BRICS Plus," this group is effectively a BRICS plus Red Sea configuration united by the desire to rewrite the rules of the global economy in contrast to the G7, though far from claiming to offer solutions to regional conflict and security.

Consequently, despite the severity of various conflicts, with the exception of Palestine, the world perceives the remaining crises as peripheral and feels no urgency to intervene. Sudan is the most glaring example. Just a few years ago, the country hosted the UN's largest and most expensive peacekeeping operation. Yet when conflict erupted in April 2023, the Security Council did not even consider initiating a peacekeeping operation to protect critical infrastructure and maintain a minimal international presence in the capital. The consequences are obvious: the collapse of the country, the capital Khartoum increasingly resembling Mogadishu in the 1990s, and no prospect of peace in sight.

The Resort to Arms as the Primary Tool for Power Acquisition or Negotiation

An immediate consequence of the crisis of multilateralism in this region is that many of the norms that previously constrained leaders from resorting to arms to resolve political disputes are no longer effective. Examples include the decision by Sudanese leaders to launch a catastrophic civil war; Ethiopia's tendency to address political problems through repression rather than dialogue, causing the Tigray conflict (2020–2022) and now fighting in Amhara and Oromia; more recently, the October 7 Hamas attacks and the Israeli response; Houthi attacks on commercial shipping as a "legitimate" tool to stop the Israeli military operation in Gaza; and Ethiopia's controversial Memorandum of Understanding with Somaliland to secure territorial sea access—a move violating Somalia's territorial integrity. The ongoing practice by certain governments of weaponizing food aid as a political bargaining chip, currently seen in both Gaza and Ethiopia, is also part of this negative trend.

Amid regional disorder and international distraction, the tendency to act according to the law of the strongest will persist throughout 2024, particularly toward the end of the year when international focus shifts entirely to the US elections.

Proliferation of Drones in Fragmented and Unstable Countries

This region features a delicate balance between state and non-state actors, with today's rulers quickly becoming tomorrow's insurgents, and vice versa. Consequently, high-tech weaponry—such as drones acquired by a government today—could fall into the hands of armed rebel groups and terrorists tomorrow. Recent Houthi attacks on maritime shipping illustrate how such arms could create serious future challenges in countries like Sudan, Ethiopia, Eritrea, and Somalia, which are exposed to a high frequency of armed rebellions and international jihadism.

In this regard, Houthi military actions against international shipping could remain a significant source of instability in the Red Sea and Gulf of Aden for years to come, potentially inspiring armed groups in the Horn of Africa seeking legitimacy to do the same. The civil war in Sudan could facilitate the resurgence of the Islamist movement, which might radicalize and rearm—potentially with Iranian support—gaining Red Sea access and threatening international maritime security as well as Saudi Arabia's. An Ethiopian military offensive into Eritrea to secure a sea outlet could split Eritrea in two (Christians in the highlands and Muslims in the lowlands and coast), rendering 1,200 kilometers of Red Sea coastline and 200 islands ungovernable.

A Growing Trend Toward "Minilateralism"

In the absence of effective multilateral frameworks, clusters of countries frequently choose to collaborate to address challenges or pursue shared objectives. For much of 2023, Saudi Arabia, in cooperation with the US, hosted talks on Sudan, while the UAE facilitated negotiations between Egypt, Ethiopia, and Sudan on the Grand Ethiopian Renaissance Dam (GERD). IGAD, the Horn of Africa's regional organization, also convened multiple times to resolve the Sudanese crisis.

However, these formats proved largely ineffective and yielded few results. The US-Saudi humanitarian cessation of hostilities in Sudan was agreed upon but never implemented. IGAD mediation, divided internally, collapsed due to boycotts by the Sudanese military and Eritrea. Similarly, UAE-led negotiations on the GERD produced no tangible outcomes.

Twenty years ago, the international community successfully brokered landmark peace treaties in this region that ended long-standing wars (Eritrea-Ethiopia in 2000, Sudan-South Sudan in 2004), aided by massive financial mobilization for re-

construction and international oversight mechanisms. Over time, this international practice has waned, replaced by short-term agreements with weak international guarantees that often mark—as seen recently in the Tigray war—the end of one conflict and the beginning of another.

Contracting or Defaulting Economies and Mass Famines

The investment push from GCC states comes at a time when most Red Sea nations and inland economies are suffering from worsening financial crises. Ethiopia, the largest economy in the Horn of Africa on which much of the African Red Sea coast depends, defaulted financially in December 2023; further economic support from the IMF may be at risk due to its internal conflicts and political adventurism in Somaliland. Egypt has seen a decline in Suez Canal and tourism revenues and faces default risks. Djibouti, with public debt at 40% of GDP and largely dependent on port services, is highly exposed to the Red Sea shipping crisis. Meanwhile, Sudan and Yemen are bankrupt. The sole exception is Somalia, which successfully achieved debt relief at the end of 2023 and now has an unprecedented opportunity to begin investing in its future.

The Red Sea is also the global region most exposed to mass famine. Despite the dramatic situation in Gaza, the epicenter of the global food crisis lies 1,000 miles to the south, in a cluster of countries surrounding the Red Sea. Approximately 90 million people suffer from severe hunger levels across Ethiopia, Somalia, South Sudan, Sudan, and Yemen, predominantly due to conflict. All these nations have a history of famine, but this marks the first time in history they are suffering mass famine simultaneously. One reason the international community is failing to respond to these emergencies as in the past is the sharp increase in food prices and transport costs. A cargo ship carrying food aid to Ethiopia, for instance, must navigate around the Black Sea blockage by circumnavigating Africa due to the war in Ukraine, or risk Houthi attacks in the Red Sea.

GCC Push for Economic Diversification

In the Arabian Peninsula, key economies seeking to accelerate economic diversification away from oil revenues view the Red Sea and Africa as strategically vital areas for investment and trade. Key GCC states are considering creating food, energy, tele-

communication, and infrastructure corridors to position themselves as hubs connecting Asia and Africa.

Among Gulf nations, the UAE has been the forerunner in this region. Thanks to over a decade of active engagement in Africa, it has become one of the top bilateral investors on the continent. Specifically, the UAE leverages its robust commercial and security presence in the Gulf of Aden—particularly in Somalia and southern Yemen—and has prioritized relations with Ethiopia, Chad, and South Sudan.

In the future, however, Saudi Arabia could supplant the Emirati role through new investment plans along the Red Sea. This includes not only its own western coast under "Vision 2030," but also the African coast. In pursuing this strategy, Saudi Arabia appears to prioritize partnerships and investments in Red Sea coastal states such as Eritrea, Djibouti, Somalia, Sudan, and, when the time is right, Yemen via an agreement with the Houthis.

The Six Main Risks for the Red Sea and the Gulf of Aden

The following forecast analyzes the main risks for 2024 in the Red Sea and the Gulf of Aden: (i) Rafah; (ii) Yemen's Houthis; (iii) the war in Sudan; (iv) Somalia; and (v) Ethiopia-Eritrea.

Risk #1: Rafah, the New Focus of the Israeli War on Gaza

Rafah, a 25-square-mile city in Gaza situated along the enclave's border with Egypt, has become a focal point in the Israeli war on Gaza. Until recently home to 300,000 residents, the city now shelters over 1.4 million displaced Palestinians after Gaza City, Khan Younis, and other parts of Gaza were decimated by the Israeli military starting in October 2023.

Prime Minister Benjamin Netanyahu asserts that Israeli forces must launch a large-scale ground campaign against Rafah due to the presence of four Hamas battalions in the city. According to Netanyahu, defeating Hamas requires Israel to conduct a major offensive in Rafah. GCC states are calling on Israel to avoid this campaign and instead accept a ceasefire. Saudi Arabia and Qatar, in particular, have warned Tel Aviv that such an attack on Rafah would carry severe repercussions. From the Gulf's perspective, any Israeli move threatening Egypt's stability represents a massive threat to GCC interests.

A "Nakba 2.0" scenario could potentially unleash widespread civil unrest in Egypt, especially if Egyptian citizens view their government as complicit in the Israeli ethnic cleansing of Gaza. Economically, with Egypt already absorbing the heavy burden of hosting hundreds of thousands of Sudanese refugees since the outbreak of Sudan's crisis in April 2023, a massive influx of Palestinian refugees into Sinai would further strain Egypt's deteriorating economy.

From a security standpoint, there is a risk that displaced Palestinians might continue armed resistance against Israel from Sinai if forcibly expelled from Gaza. Such a situation would force Egyptian authorities into difficult decisions regarding the suppression of Palestinian militancy on Egyptian soil to ensure the Egyptian military continues receiving US aid and to preserve the Camp David Accords. It remains in

Egypt's interest to ensure Palestinian militants from Hamas, Palestinian Islamic Jihad, and other armed factions stay within Gaza rather than transferring to Sinai. This is particularly evident given that the Egyptian state has already struggled against brutal Islamic State and Al-Qaeda affiliates in Sinai, which could potentially exploit a "Nakba 2.0" and leverage the arrival of displaced Palestinians as fertile ground for recruitment.

Risk #2: Yemen's Houthis

At the end of 2023, maritime security in the Red Sea and Gulf of Aden returned to the global spotlight as the Houthis initiated attacks against commercial shipping in retaliation for the war in Gaza. This prompted the US to launch Operation Prosperity Guardian and subsequently Operation Poseidon Archer—a US- and UK-led naval coalition striking Houthi military positions to deter further attacks. However, these strikes have so far failed to alter Houthi decision-making, and Ansar Allah (the Houthis' official name) continues launching missile and drone attacks against shipping in the Gulf of Aden and southern Red Sea.

The optimal scenario involves limited-scale US-led strikes aimed at deterring Houthi attacks on ships while avoiding a broader regional escalation that neither the US, Iran, nor GCC countries desire. However, in the absence of a ceasefire, the Houthis will maintain a high capability to threaten maritime shipping throughout at least the first half of 2024. This opens the possibility that Washington and London may consider supporting anti-Houthi forces in Yemen for ground operations.

GCC states, with the notable exception of Bahrain, have distanced themselves from the US-UK military operations against the Houthis that began on January 12. Oman openly condemned the US-UK strikes, while other Gulf states such as Kuwait, Qatar, and Saudi Arabia expressed deep concern. Doha called for a diplomatic approach to address the Houthi posture. Ultimately, Saudi Arabia and the UAE want to prevent regional tensions from disrupting their detente with Tehran while avoiding retaliatory Houthi strikes. However, the primary reason most GCC states are distancing themselves from the US-led bombing campaign in Yemen relates to domestic political realities. With many GCC citizens linking Anglo-American strikes against the Houthis to Washington and London's support for Israel's war in Gaza, Gulf leaders do not want their populations viewing them as complicit in the Israeli offensive. Furthermore, in 2018, GCC members issued warnings to Washington and European capitals regarding the Houthi threat; however, they felt Western nations failed to take sufficient action to bolster maritime security at the time. This dynamic has fueled mistrust and resentment, explaining the reluctance of Riyadh, Abu Dhabi,

and other GCC capitals to offer greater support for the Biden administration's military campaign.

These considerations prompted the EU (led by Greece, Italy, and France) to launch its own naval mission, "Aspides"—a more defensive operation autonomous from the US and UK, aimed at protecting European commercial vessels transiting the Red Sea. This forms part of broader European efforts to project its geopolitical presence in the region. It remains to be seen how the Houthis will react and whether the EU can maintain a purely defensive stance if European ships or mission assets come under direct Houthi attack.

The maritime security crisis in the Red Sea is expected to significantly impact Yemen's internal dynamics in 2024. In terms of soft power influence, the Houthis' disruptive actions in the Red Sea have boosted their image and reputation across broad segments of the Arab-Islamic world. Naturally, gaining greater support abroad contributes to Houthi legitimacy domestically. The focus on Gaza has also helped Ansar Allah rally more Yemenis behind the Houthi movement than in the past. Furthermore, Houthi attacks on international trade have not diminished prospects for reconciliation between the Houthis and Saudi Arabia, with both sides remaining committed to negotiating a permanent ceasefire.

A second unexpected beneficiary of this crisis could be the Southern Transitional Council (STC). Until now, the STC has struggled to gain the international support it has sought for years. However, Houthi operations in the Red Sea and their global repercussions could present the STC with a valuable opportunity to establish itself as the predominant anti-Houthi force in Yemen. This positioning could showcase the STC as a reliable partner for nations worldwide with legitimate interests in protecting sea lanes from attack. Nevertheless, the STC's international standing is weakened by divisions within the Presidential Leadership Council (PLC), which remains the UN-recognized government. While the PLC seeks to reinforce its leadership position in a more centralized Yemen, the STC is determined to build support for a potential future independent state in Southern Yemen.

Looking ahead, a crucial question is how emboldened Houthis will interact with other Yemeni groups and communities that have opposed the rebel movement over the years. Due to the Gaza crisis, Ansar Allah has successfully amplified its recruitment efforts, deploying approximately 50,000 troops to areas around Marib. This development naturally raises concerns over a potential resumption of major internal hostilities in Yemen after a period of relative calm since 2022.

Risk #3: War in Sudan

Toward the end of 2023, the Rapid Support Forces (RSF), led by General Mohamed Hamdan Dagalo (commonly known as Hemedti), achieved significant territorial gains in central Sudan, securing control over much of the west and consolidating their hold on the capital, Khartoum. RSF dominance extends across most of the country's gold mines, agricultural lands, and oil fields connecting to South Sudan, thereby exerting political leverage over the government in Juba. In January, Hemedti undertook a strategic African tour, meeting heads of state in South Africa, Rwanda, Kenya, Uganda, Ethiopia, and Djibouti, and was invited to attend an IGAD heads-of-state summit.

At the same time, General Abdel Fattah al-Burhan—officially head of state and chief of the Sudanese Armed Forces (SAF)—retreated to Sudan's coastal and eastern regions, actively working to reorganize his forces to reclaim lost territory. This has involved remobilizing former Popular Defense units and drawing on the Islamist movement led by former Foreign Minister Ali Karti, on whom al-Burhan has become increasingly dependent. In early 2024, the Sudanese army, aided by Islamist militias, launched a counter-offensive, recapturing areas such as Omdurman in the capital, Khartoum. These offensives have rebalanced the battlefield without offering a decisive military or political breakthrough.

Two main scenarios emerge:

1. **Protracted Conflict / Eastern Control:** The SAF and their Islamist supporters currently appear to have no interest in striking a deal with Hemedti's RSF or the civilian coalition forces (Taqaddum) led by former Prime Minister Abdalla Hamdok, whom they increasingly view as an ally of Hemedti. While a swift RSF offensive followed by a political deal with Hamdok could have shifted the peace process in favor of the RSF, the Sudanese military and Islamists favor prolonging negotiations in hopes of recapturing all of Khartoum and brokering a deal with an alternative group of civilian forces in which Islamists would play a prominent role. This scenario entails the SAF maintaining control over eastern and coastal Sudan as well as Khartoum.
2. **RSF Capital Control & Fragmentation:** Alternatively, Hemedti's RSF could capture total control of Khartoum, allowing Hemedti to declare victory and expand the conflict eastward. However, such a victory would present a major challenge, as Hemedti would need to stabilize the country and rebuild the state—requiring a bridge in relations with Egypt and Eritrea. The international community, particularly the West, would likely pressure him to allow the Sudanese Coordination of Civil Democratic Forces (led by Hamdok) to assume leadership. Never-

theless, a transition to civilian government faces fierce opposition from the majority of RSF commanders, who hail from Sudan's peripheries and view the civilian coalition as elite and capital-centric. In such a scenario, there is a concrete risk that Hemedti might struggle to control his forces, leading to fragmentation and the potential fall of Sudan into the hands of warlords and jihadist groups.

The prospect of extending control to eastern Sudan and the Red Sea coast represents an even tougher hurdle for Hemedti's RSF. Eritrea's involvement in eastern Sudan alongside the SAF could further complicate RSF advances. Crossing the Red Sea Hills is considered a military impossibility unless critical actors within the SAF are co-opted. Given the extensive Eritrean tribal network in eastern Sudan, it is implausible that Hemedti's RSF—originating from western Sudan—could dominate Sudan's coastal and eastern regions without Eritrean support. So far, Asmara has aligned with the SAF, framing the issue through the lens of the political crisis between Eritrea and Ethiopia, as Addis Ababa is perceived as aligned with Hemedti.

Risk #4: Ethiopia – Eritrea

Relations between Ethiopia and Eritrea progressively deteriorated throughout 2023, particularly as ties improved between the Federal Government of Ethiopia and the TPLF following the signing of the Pretoria Cessation of Hostilities Agreement in November 2022. President Isaias Afwerki categorically rejected Prime Minister Abiy Ahmed's offer to exchange shares in Ethiopian state-owned enterprises for access to Eritrean ports. According to Ethiopian leadership, this proposal was part of pre-Tigray war discussions with Eritrea; following Afwerki's refusal, personal relations between the two leaders reached an irreparable breaking point.

The risk of a full-scale war between Ethiopia and Eritrea in 2024 remains low for now, considering the Ethiopian military is currently confronting internal insurgencies in Amhara and Oromia and may need to redeploy forces along the Somali border due to tensions with Mogadiscio. The active involvement of Tigrayan paramilitary forces would be essential for any Ethiopian military operation in Eritrea. Despite tense relations between Tigrayan leadership and President Afwerki (who is viewed as an existential threat), the Tigrayan leadership's main priority for now is recovering from the impacts of war and famine rather than initiating a new conflict. However, dynamics could shift depending on developments regarding the implementation of the Pretoria Agreement and the status of Western Tigray, which remains occupied by Amhara forces.

The region is likely to witness a growing proxy war between Ethiopia and Eritrea, particularly in Sudan, which could spill over into Somalia. Ethiopia's alignment with the RSF has intensified tensions with Eritrea, which currently backs the SAF. Consequently, conflict dynamics have expanded beyond Ethiopian and Eritrean borders into Sudan, adding another layer of complexity to the regional landscape. This proxy warfare dynamic raises concerns regarding potential spillovers and escalating hostilities across the wider Red Sea and Gulf of Aden region. Furthermore, tension between Ethiopia and Somalia linked to the Somaliland MoU has triggered regional friction that could draw in Eritrea and Egypt.

Consequently, the most probable scenario is an intensifying proxy conflict between Ethiopia and Eritrea during the first half of 2024. This comes at a time of significant instability within Ethiopia. The government has failed to suppress the FANO insurgency in the Amhara region. In Oromia, a key agricultural and industrial hub, Oromo Liberation Army (OLA) insurgents have disrupted communications and infrastructure between the region and Addis Ababa. Eritrea might see an opportunity to exacerbate Ethiopia's internal conflicts. In response, Ethiopia could mobilize Ethiopian and Eritrean Afars to create instability around Massawa on the Red Sea.

The risk of escalation in the proxy conflict between Eritrea and Ethiopia—which could lead leaders to recalculate in favor of direct war—cannot be entirely ruled out. The probability of such an outcome increases closer to November 2024, coinciding with the US presidential elections. Considering that the Tigray war began on the eve of the 2020 US elections and the Somaliland MoU was signed on New Year's Day, a clear trend exists where regional actors exploit international distractions to advance conflictual agendas.

Risk #5: Somalia

The Memorandum of Understanding (MoU) announced by Ethiopia and Somaliland on January 1, 2024—which would grant Ethiopia sea access alongside potential political recognition for Somaliland—caused a sharp rupture in relations between Somalia and Ethiopia. The Federal Government of Somalia (FGS) unequivocally rejected the MoU, declaring it "null and void" and an "assault" on Somalia's independence and sovereignty. Within a short period, the FGS's rejection of the MoU enabled Somali President Hassan Sheikh to rally unprecedented popular and political support, fueled by widespread anti-Ethiopian sentiment across Somalia. Internationally, all major global players reaffirmed the importance of Somalia's territorial integrity and sovereignty.

The Memorandum was initially pursued because both Ethiopian Prime Minister Abiy Ahmed and Somaliland President Muse Bihi needed to divert attention from mounting domestic challenges eroding their popularity. Prime Minister Abiy is grappling with internal insurgencies and sought to use Red Sea access as a national cause and personal legacy project to garner popular support. With Eritrea opposed to any sea access deal with Ethiopia, and the Somali President stalling in prior discussions, Prime Minister Abiy sought sea access via Somaliland—viewed as a relatively weaker and more accessible target. Abiy's strategy was to present Somalia and international partners with a *fait accompli* and negotiate a middle-ground solution.

However, three factors derailed the initiative, which is increasingly viewed even within Ethiopia as problematic: First, the Somaliland President rushed to declare that Ethiopia would formally recognize Somaliland as an independent state in return (an issue the Ethiopian government claims is still under consideration). Second, the sheer size of the area granted to Ethiopia (approximately 20 square kilometers) resembled territorial annexation rather than a naval base lease. Third, the Somali President promptly capitalized on the media narrative, using Ethiopia's misstep to further damage Prime Minister Abiy's international standing.

Unilateral implementation of the MoU by Ethiopia without Somalia's consent would carry severe risks, including localized clan conflicts within Somaliland backed by Mogadishu, as well as pushback from Red Sea regional powers such as Egypt, Saudi Arabia, and Turkey. Such a scenario could lead to the withdrawal of Ethiopian troops from south-central Somalia and potentially prompt a tactical alliance between the Federal Government in Mogadishu and Al-Shabaab to jointly defend Somali territory against Ethiopia. Somalia could also mobilize the Issa Somali community in Ethiopia to threaten the vital Addis Ababa–Djibouti road and rail corridor. These risks make unilateral implementation unlikely compared to the start of the year. Prime Minister Abiy will most likely allow the initiative to quietly stall while awaiting a more favorable regional and international moment to revisit the project.

It is worth emphasizing, however, that in the medium term, Abiy appears intent on securing territorial access—not merely a naval base or commercial access—on the Red Sea or Gulf of Aden coast. Yet given mounting resistance from neighboring states, it is difficult to see how Ethiopia can achieve this outcome without resorting to force.

Key Considerations for Italy

Over the past 15 years, Italian foreign policy in the Wider Mediterranean has gradually shifted its focus away from Red Sea countries—particularly the African coast of the Horn of Africa, where Italy played a historical role—toward the Sahel region, which was deemed more strategic for managing migration flows. The cooling of relations with both Saudi Arabia (following the murder of Jamal Khashoggi on October 2, 2018, and the subsequent 2019 arms embargo due to the war in Yemen) and Egypt (over the murder of Giulio Regeni in early 2016) contributed to this trend. However, the Red Sea crisis demonstrates how instability along this maritime corridor poses a strategic threat to Italy's economy and trade, while contributing to migration pressures, highlighting the urgent need to refocus Italian attention on this vital region.

From an analytical standpoint, the Horn of Africa, Egypt, and the Arabian Peninsula are merging into a single, interconnected geographic space shaped by the interaction of geopolitics, economics, and investments. Today, one can properly speak of a unified "Red Sea and Gulf of Aden region." Though complex, this area has rapidly erased the strict divisions between Sub-Saharan Africa and the MENA region that traditionally define geographic silos within Western bureaucracies. It is precisely in this context that the Red Sea is set to cover a geographic area of growing strategic, economic, security, and social importance for Italy in the coming years, on a scale unprecedented since World War II.

From a **geo-strategic perspective**, the rerouting of trade around the Cape of Good Hope and across the Atlantic—away from the Suez Canal and the Mediterranean—exposes the fragility of the Mediterranean basin. The risk is that the Mediterranean could increasingly become a "peripheral sea," especially when compared to the Indo-Pacific and Atlantic trade corridors. Among the consequences of the Red Sea crisis is a decision by major multinationals to accelerate the shortening of their supply chains, a process already set in motion during the pandemic. The Red Sea is also a critical junction for submarine cables, carrying roughly 25% of global data traffic and connecting to the European network through the Italian peninsula. The recent severing of several cables in the Gulf of Aden raised alarms, risking that the telecommunications industry may develop alternative routes bypassing the Red Sea if similar incidents recur.

From a **security perspective**, a ceasefire in Gaza accompanied by prospects for a Palestinian state would lead to an end to Houthi attacks, reopening commercial Red Sea trade routes within four to six weeks, according to estimates by Maersk, the world's leading shipping firm. However, the Red Sea and Gulf of Aden remain high-density areas for armed groups. Consequently, attacks on maritime trade could inspire various rebel factions—particularly jihadist groups—to emulate the Houthis in highly unstable countries. In this regard, it should be recalled that in Somalia, Al-Shabaab and Daesh maintain a significant presence in the Golis Mountains overlooking the Gulf of Aden. Meanwhile in Sudan, the military has entrusted much of its offensive to militias loyal to the Sudanese Islamist movement, which has re-established historical ties with Iran. Lastly, Eritrea is undoubtedly the most secure yet least developed country in the Horn of Africa; however, historical fault lines between highland Christians and lowland Muslims could re-emerge during a post-Isaias Afwerki political transition, creating fresh instability along the Red Sea.

From an **economic perspective**, the Red Sea not only connects Mediterranean economies to the Indo-Pacific, but also acts as the central link of the Global South, bridging Gulf capital and energy with African raw materials and Asian markets for goods and services. A major breakthrough for the region could come from Saudi Arabia's massive "Vision 2030" investment projects along its western coast, upon which the Kingdom's economic, social, and cultural transformation depends. Safeguarding the sustainability of these investments—much of which target Red Sea tourism development—depends on Saudi Arabia's ability to project stability and prosperity across to the opposite shore, starting with the littoral states of the Horn of Africa, where Italy can play a more active supportive role.

Geo-strategic, security, and economic considerations underscore the necessity of developing a multi-dimensional, long-term Italian strategy for the Red Sea. Italy's recent participation in the European "Aspides" mission, the Meloni government's heightened focus on Africa via the Mattei Plan, renewed diplomatic momentum with Saudi Arabia, Egypt, and the UAE, and Italy's presidency of the G7 present the Italian government with a timely opportunity to elevate its political profile across this strategic region.

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