
Eritrea became independent from Ethiopia in 1993 after more than two decades of conflict (see Ethiopia-Eritrea: civil war profile).

Eritrea’s independence coincided with the overthrow of the previous Ethiopian government, and the two countries enjoyed good relations in the early 1990s. In 1998, after mounting tensions, a border clash triggered a war that killed approximately 100,000 people and created a million refugees. In 2000, the two countries signed a peace agreement, agreeing in principle that the border would be defined by an international commission. In practice, however, the two sides have yet to accept the commission’s recommendations and resolve the dispute.

Even after Eritrean independence, the economies of Eritrea and Ethiopia were highly interdependent. Eritrea used Ethiopian currency, and Ethiopia shipped its exports from Eritrean ports. Labor and goods moved freely between the two countries. In 1997, Eritrea decided to create its own currency. Eritrea suggested that Ethiopia allow circulation of Eritrean currency, and said that Eritrea would allow continued circulation of Ethiopian currency, to defer the uncomfortable task of defining borders. Ethiopia rejected this idea.

In late 1997, Eritrea and Ethiopia set up talks to discuss their border. Although sporadic clashes had occurred in the previous five years, local authorities on both sides had dealt with them. As diplomatic tensions grew, Eritrean diplomats walked out of talks in May 1998. Within the week, troops clashed in the contested region of Badme, beginning two years of brutal warfare.

During a temporary ceasefire in late 1998, both sides built up their military forces. Renewed fighting, now with heavy artillery and air power, erupted in February 1999. The conflict was devastating to countries, delaying development and international aid funds. Although the fragile peace of 2000 has held, tensions remained high after the Ethiopian government refused to accept the boundary commission’s ruling that Badme belongs to Eritrea. UN peacekeepers, deployed along the border as part of the 2000 peace deal, are still there.

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**Timeline**

1993 - Eritrea officially becomes independent
1997 - Eritrea adopts own currency; Eritrea and Ethiopia meet to determine border
1998 - Eritrea walks out of talks; fighting erupts in Badme, conflict spreads; US president Clinton negotiates air ceasefire; both sides buy arms and planes
1999 - fighting resumes; famine in Ethiopia puts 10 million at risk
2000 - negotiations end with peace agreement in Algiers; UN peacekeepers deployed on border
2003 - boundary commission releases findings, avoiding Badme issue, Ethiopia and Eritrea each claim Badme and victory
2004 - commission declares Badme Eritrean; Ethiopia rejects decision
2005 - UN Security Council threatens both countries with sanctions over troop build-up