

## Associate Paper

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### **Djibouti at a Crossroads: China's African Engagement and an Adversarial Beijing-Washington Relationship**

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#### **Key Points**

- Djibouti's geostrategic position and "military base diplomacy" have positioned the country at the centre of regional affairs.
- Djibouti is critical to China's long-term strategic interests. Beijing will continue seeking to improve its relations with Djibouti given that country's economic and security value to China's Belt and Road Initiative (BRI) aspirations.
- US-China frictions in Djibouti, given the proximity of their military bases, are a reflection of the growing rivalry between the two powers.
- Washington has to face the reality that its rhetoric on African development and co-operation has been largely bereft of substance and is not enough to keep African states, including Djibouti, from orienting themselves more closely towards Beijing, which has deep pockets and imposes few conditions.
- Beyond the wider strategic concerns emanating from the US-China rivalry, Djibouti presents a potential opportunity for co-operation between the two powers because instability and insecurity in the Red Sea and western Indian Ocean Region are equally disadvantageous for both.

#### **Summary**

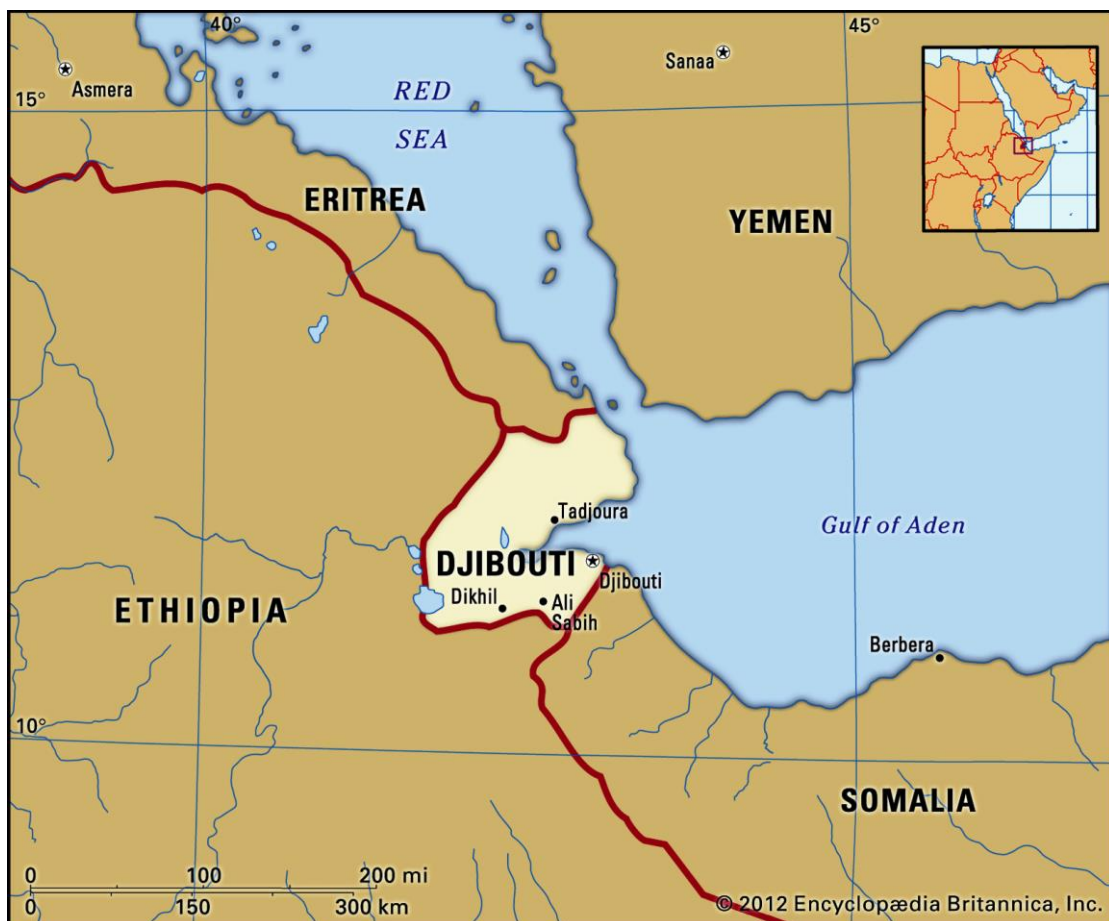
Djibouti's strategic importance is obvious. The coastal African state controls the access to the Red Sea from the Indian Ocean through the Bab el-Mandeb Strait, one of the world's most heavily-trafficked maritime trading routes. Moreover, the multiplicity of security issues plaguing the Middle East and North Africa (MENA) region, ranging from piracy, terrorism and

inter-state tensions, emphasise the growing salience of the country as a focal point in regional security considerations over the past two decades.

Djibouti's geostrategic position and willingness to host the military forces of external powers, such as the United States and China, continue to draw the country towards the centre of great power politics. With China's continued African expansion amid the deteriorating relationship between Washington and Beijing, the multilateral diplomacy employed by Djibouti will be influential in shaping US-China interaction in both the continental and global contexts.

### Analysis

[Djibouti](#) is a small country on the African coast of the Red Sea, with a land area of 23,200 square kilometres and a population of less than one million. While relatively devoid of natural resources, the former French colony boasts a strategic location astride one of the world's chokepoints, the [Bab el-Mandeb](#), a 19-kilometre-wide strait linking the Red Sea and the Gulf of Aden. Approximately US\$700 billion worth of [Europe-Asia trade](#) transits this route to and from the Suez Canal annually, including nine per cent of the global oil trade.



## ***Djiboutian Diplomacy***

Since Djibouti's independence from France in 1977, and particularly over the last two decades, the country has proactively engaged in constructive relations in exchange for diplomatic and economic security. It is a [longstanding](#) approach that has been driven by the country's lack of natural resources and its highly strategic, yet vulnerable, location in a volatile regional environment. Djibouti's drive to establish its diplomatic capital was demonstrated as early as 1996 when it agreed to host the [Inter-Governmental Agency on Development \(IGAD\)](#), a multilateral platform for political, socio-economic and environmental co-operation involving states from the Horn/Eastern Africa regions, which was originally established to reconcile the competing interests of neighbours Ethiopia and Somalia.

The impact of the 9/11 attacks on global affairs and their implications for the global security environment, particularly in the MENA region, provided President Guelleh (in office since 1999) with an opportunity to leverage his country's strategic location for economic benefit. In 2001, the United States established its only permanent military base in Africa at [Camp Lemonnier](#), a former French military base, to provide a staging ground for its counterterrorism operations in the Horn of Africa and to support its military presence in the wider region. The [US military base](#), which currently houses approximately 4,000 military and civilian personnel, including US Africa Command's (AFRICOM) Command Joint Task Force-Horn of Africa (CJTF-HOA), provides the Djiboutian economy with US\$64 million in annual rent payments.

The launch of the European Union Naval Force (EUNAVFOR) in 2008 to combat the growing piracy problem in the Horn of Africa at that time, and the emergence of other security issues in the Gulf of Aden, further emphasised the growing need for foreign powers to establish a military presence in the area to help protect their commercial and economic interests. The country's strategic location, its relative stability compared to neighbouring states and President Guelleh's willingness to engage extra-regional powers, positioned Djibouti as the prime candidate of choice. As of writing, the US, France, Italy, Japan and China all have [military bases](#) in Djibouti. In 2017, there were also reports of an [agreement](#) to allow Saudi Arabia to establish its first foreign military base on Djiboutian territory, although there has been limited open-source information on this development since. Other powers, such as [Russia](#) and India, have also expressed their interest in basing arrangements with Djibouti.

Djibouti's multilateral approach to diplomacy and its ongoing basing arrangements with external powers have aided the country's economic and political stability. First, its relations with foreign powers have encouraged closer international economic ties and an influx of [foreign direct investments](#) (FDI) geared towards supporting its ambition of becoming a "logistics hub" economy, on top of the annual income from its lease arrangements. In 2019, Djibouti's FDI inflows amounted to [US\\$182 million](#), with total FDI stock estimated at US\$1.8 billion. The large investment influx from external powers, particularly China, which started in 2006, brought unprecedented economic growth and aided its economic stability.

Second, it reinforced the country's domestic political stability. President Guelleh's leadership significantly benefitted from the country's positive economic transformation. Guelleh's [highly personalised and patronage-based governance](#) ensures that the leader, who is serving

his fourth presidential term, maintains a tight grip on Djiboutian politics even amid high levels of [income inequality](#) and other [socio-economic and developmental issues](#). Cases of [human rights abuses](#) and accusations of authoritarianism have been largely ignored by the international community.

### ***China's African Engagement***

Beijing's long-term interest in Africa has become more pronounced after President Xi Jinping unveiled the [Belt and Road Initiative \(BRI\)](#) in 2013. The continent's vast resources base, rapidly growing markets and emerging economies position Africa as an attractive region for investment. Through its triennial Forum on China-African Co-operation ([FOCAC](#)), which was established in 2000, China has poured billions of dollars into Africa, in the form of infrastructure investments, foreign aid and loans to African governments to secure its economic interests and expand its influence on the continent. It has positioned itself as Africa's largest bilateral trading partner and creditor, with total [Sino-African trade](#) valued at US\$185 billion in 2018 alone and an [accumulated loan commitment](#) of African states to the Chinese Government and its state-owned enterprises valued at US\$148 billion from 2000 to 2018. China demonstrated its intention to keep that momentum by pledging an additional US\$60 billion in financial support to the continent at the [most recent FOCAC summit](#) held in Beijing in 2018.

Djibouti's geostrategic position is critical to the emerging close Sino-African relations. Formal [diplomatic relations](#) between the two states started in 1979 but only gained traction in the past decade after a large influx of Chinese-funded infrastructure investments in the country and the establishment of Beijing's first overseas military base on Djiboutian territory in 2017. Although the country has little to offer in terms of natural resources or as a large market for Chinese products, it nonetheless plays a vital role in Beijing's long-term global aspirations.

First, Beijing perceives Djibouti as an [access point to greater Africa](#) and its major trading partners in the continent. The country's proximity to the maritime trading routes linking Asia, Africa and Europe, its port facilities and relative stability provide an ideal transit point for Sino-African trade. It positions the country as a critical node in Beijing's Maritime Silk Road Initiative (MSRI), the maritime component of the BRI. As has been confirmed by China's [infrastructure investments in Djibouti](#) since 2012, Beijing has given particular attention to increasing the country's ability to facilitate the growing volumes of Sino-African trade, especially through investments in such key infrastructure as the refurbished railway linking Ethiopia, one of China's leading economic partners on the continent, with Djibouti. Ethiopia's economy, which provides both low-cost labour for Chinese firms and a large market for Chinese products, had been previously reliant on Eritrea for maritime trading access before the Ethiopian-Eritrean war of 1998-2000. That conflict resulted in Ethiopia becoming almost entirely dependent on Djibouti for port access. Beijing's three flagship projects in Djibouti, valued at US\$1.51 billion ([Doraleh Multipurpose Port](#), [Ethiopia-Djibouti railway link](#) and [Ethiopia-Djibouti water pipeline](#)), all financed by the [Export-Import Bank of China](#), have been directed towards developing Beijing's access to landlocked Ethiopia. Beijing's [recent investments](#) in the country further highlight the strategic economic importance of Djibouti in China's long-term aspirations. In 2018, the [Djibouti International](#)

[Free Trade Zone](#), a 4,800-hectare project valued at US\$3.5 billion, had been officially inaugurated with financial backing from Beijing. The project, which includes a free-trade zone and several major infrastructure developments, including the expansion of Djibouti's ports, aims to develop the industrial capacity and manufacturing capabilities of the country in a way that mirrors the development of China's [Shenzhen port complex](#) in Guangdong. The project is not only expected open a plethora of economic co-operation opportunities for China, Djibouti and neighbouring African states, but will also further advance Beijing's economic influence on the continent.

Second, Djibouti is [strategically positioned](#) on a maritime trade route that is critical to China's economy. It is an intuitive logical corollary for Beijing to establish a military presence in Djibouti given the latter's history of hosting other external military forces and its willingness to engage in military-base diplomacy. The establishment of [China's military base in Djibouti](#) in August 2017, officially announced by Beijing in November 2015, has been grounded in its need to protect its growing interests in the region. The 0.364 km<sup>2</sup> [military facility](#) located on the western side of Djibouti City, just seven kilometres from the US Camp Lemonnier, includes residential buildings for Chinese personnel, a helipad, both above- and below-ground storage and logistics facilities, and a 600-metre-long naval pier capable of accommodating all People's Liberation Army (PLA) naval vessels, including [aircraft carriers](#).

Although initially presented by Beijing as a "[Logistics Support Base](#)" to support China's anti-piracy operations in the Gulf of Aden and the growing number of PLA personnel participating in UN peacekeeping and humanitarian missions in Africa and the Middle East since 2015, it has become apparent in recent years that the construction of the Djiboutian military base also reflects a [pivotal shift](#) in Beijing's foreign and security policy towards protecting its maritime strategic interests and Sea Lines of Communication (SLOCs) through an overseas military presence. The shift had been hinted at in several of Beijing's official publications in the past few years, particularly in its [2015 defence white paper](#), which states:

It is necessary for China to develop a modern maritime military force structure commensurate with its national security and development interests, safeguard its national sovereignty and maritime rights and interests, protect the security of strategic SLOCs and overseas interests, and participate in international maritime co-operation, so as to provide strategic support for building itself into a maritime power.

[China's 2019 defence white paper](#) goes on to state:

To address deficiencies in overseas operations and support, it builds far seas forces, develops overseas logistical facilities, and enhances capabilities in accomplishing diversified military tasks. The PLA conducts vessel protection operations, maintains the security of strategic SLOCs, and carries out overseas evacuation and maritime rights protection operations.

It remains unclear as to what extent the PLA Navy will [expand the capabilities](#) of its African "strategic strongpoint" or if there is any intent to [replicate the same engagement](#) with other states. What is clear, however, is that China's decision to establish a military foothold in

Djibouti exhibits the criticality of the country to Beijing's long-term global security interests and its intention to match its growing economic footprint and global influence with the expansion of its military presence and power projection capabilities.

### ***US-China African Rivalry and Djibouti***

China's economic engagement with Djibouti and the establishment of its military presence in the country cannot be isolated from its wider economic engagement with Africa and its BRI aspirations. Despite the "win-win" rhetoric of the mutual economic benefits for China and partners such as Djibouti, Sino-African engagement had been red-flagged by several Western governments, particularly after the emergence of an adversarial US-China relationship and the resulting trade war of recent years. Two pertinent issues have emerged from those developments which may position Djibouti in a tight spot between the two powers and could have significant implications for US-China interaction in both the African and global contexts.

The first concern centres on fears of Beijing's aggressive economic statecraft in the continent and the vulnerability of African states to "debt-trap diplomacy". Such fears were largely driven by the case of [Hambantota port](#), in which the Sri Lankan Government was forced to surrender its US\$1.12 billion share of the ownership of the facility to the China Merchants Port Holdings Company due to Colombo's inability to finance its debt. Although it has been [recently revealed](#) that this had been largely an exaggeration and an uninformed understanding of the real events that transpired, it did not stop then US Secretary of State Mike Pompeo from [subtly articulating](#) this perceived threat in his speech at the United Nations Economic Commission for Africa early in 2020.

US fears largely rest on the possible loss of access to Africa's strategic assets in a potential debt-for-equity swap between heavily indebted African states and Beijing. In the case of Djibouti, a potential Hambantota-type incident is already a clear and present threat to the US military and its logistical presence in the region, given its exclusive [reliance for naval refuelling](#) on the Doraleh Multipurpose Port's Horizon Oil Terminal, of which Beijing already has a share of the ownership. It appears, however, that Beijing has been sensitive to such accusations and has been treading carefully in managing the financial obligations of its African partners. Beijing showed its [willingness to renegotiate major loans](#) of Ethiopia and Cameroon in 2019. In his June 2020 keynote speech to FOCAC, President Xi has offered [debt relief](#) to his African partners in light of the economic ramifications of the COVID-19 pandemic.

The second concern reflects the broader contemporary public discourse on China's growing assertiveness in expanding its global power projection capabilities and how that might manifest in the already adversarial US-China relationship. Beijing has been proactively securing its military footholds in critical maritime points, as exhibited by its construction of artificial islands and deployment of its forces in the highly contested [South China Sea](#) and the [reports](#) of exclusive military facility access agreement between the PLA and some of China's closest economic partners, such as the 2019 case of Cambodia's Ream Naval Base. Similar to the establishment of its military base in Djibouti, these geopolitical developments demonstrate Beijing's intention to project its military presence to secure its overseas

interests and advance its foreign policy goals. China's military presence in Africa signals a deeper engagement with the continent beyond the purview of economic relations that is gradually eroding and directly competing with the pre-eminence of US influence in the region. US fears of these developments had been summarised in the [2018 National Defence Strategy](#) paper, which states:

As China continues its economic and military ascendance, asserting power through an all-of-nation long-term strategy, it will continue to pursue a military modernisation programme that seeks Indo-Pacific regional hegemony in the near-term and displacement of the United States to achieve global pre-eminence in the future. The most far-reaching objective of this defence strategy is to set the military relationship between our two countries on a path of transparency and non-aggression.

In the case of Djibouti, the proximity of the US and Chinese facilities has already resulted in several dangerous incidents, prompting doubts about their peaceful long-term coexistence. In 2018, [accusations of espionage emerging from flight vectors and the high-profile laser-pointing incident](#) in which US forces accused the PLA of disorienting their pilots, have demonstrated the unease and suspicion between both powers and the potential for escalation. The developing geopolitical situation in which China is striving to take a greater leadership role in global affairs will inevitably brush up against US global supremacy.

### ***Moving Forward: Manoeuvring through a Bipolar World Order***

The case of Djibouti is an instance of the geopolitical challenges emanating from the emerging Sino-US bipolar world. First, Washington should understand that Djibouti, like other African states, can maintain its multilateral and positive neutrality given the diverse range of external powers seeking to negotiate with it. Focusing too heavily on security ties in its relations with African states and avoiding a more holistic engagement will see its influence deteriorating relative to that of Beijing, given the latter's willingness to fund deeper engagement with fewer conditions. The Trump Administration's transactional engagement showed that US interest in Africa – when it occurred – was only driven and motivated by another competitor's interest in the continent and its [Africa policy](#) was little more than rhetoric bereft of substance. Although [President Biden](#) has articulated a more [proactive engagement with the continent](#) and, on his [first day in office](#), [reversed](#) the travel ban on several African countries implemented by the Trump Administration in 2017, it remains to be seen if there will be significant changes in Africa policy under his presidency, given the domestic issues and [political polarisation](#) plaguing the United States. Nonetheless, if Washington continues ignoring its African partners, especially given the economic ramifications of COVID-19, it is risking a more Beijing-oriented continent in the long run.

Second, it should be noted that the stability of Djibouti is in the interest of all parties, including China and the US. Areas of co-operation [still exist](#), even with the decline of piracy in recent years, most particularly in the area of peacekeeping. The importance of Djibouti to the security of global trade is undeniable for both the West and China and, if mutually-beneficial common ground can be found in Djibouti, it can potentially set a good precedent for future US-China interaction in the global context.

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**About the Author:** Karl Ragas recently finished his master's degree in International Relations and National Security from Curtin University, with his dissertation focusing on the critical examination of the theoretical foundations of the Hybrid Warfare concept. He holds a bachelor's degree in Applied Economics from De La Salle University-Manila and his research interests include International Security, Military History and Conflict Studies.

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