GREAT POWER RIVALRY IN THE RED SEA: CHINA'S EXPERIMENT IN DJIBOUTI AND IMPLICATIONS FOR THE UNITED STATES

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EXECUTIVE SUMMARY

China's growing presence in Djibouti has thrust unprecedented attention upon the little-known African port nation and made it a touchstone in the debate over Beijing's expanding global aims. In 2017, the People's Liberation Army (PLA) opened its first-ever overseas military base there, at the mouth of the Red Sea, breaking a long-established policy against basing Chinese troops abroad. The new PLA Navy facility overlooks not only a major strategic chokepoint and one of the world's most heavily-trafficked shipping lanes, but also a major U.S. military base — just six miles away.

The PLA's arrival has prompted new debate about the evolution of China's military doctrine, sea power development, and expeditionary capabilities. But it has also brought new attention to Beijing's economic investments astride the Red Sea region, which precede the base by more than a decade. The combination of Chinese commercial and strategic expansion has generated concern in U.S. national security circles and spotlighted the Red Sea as a potential theater of great power competition.

Djibouti is hot, dry, and boasts few natural resources, but its strategic location and deep-water port complex have drawn not only the American and the Chinese militaries, but also the French, Japanese, Italians, and Spanish — as well interest from Russia, India, and Saudi Arabia. Djibouti is home to just one million citizens, its territory is the size of Vermont, and its GDP, at $3 billion annually, is equivalent to China's output every two hours.[1] The asymmetry between the two countries is hard to overstate, and a combination of big-ticket infrastructure projects and major debt obligations has raised familiar unease about outsize Chinese leverage over Djiboutian assets and decision-making, fueling another round of debate over so-called "debt trap" diplomacy.[2]

Chinese loans, construction contracts, and infrastructure investments in the Horn of Africa and the wider Red Sea region — most now folded into the much-debated Belt and Road Initiative (BRI) — far exceed those of the United States.[3] That gap is due to widen, and underscores a larger difference in the two countries' approach to date: Washington has viewed Djibouti and the Horn of Africa primarily through a security prism, while Beijing's prism has been predominantly "developmental." Who benefits from that development is a matter of some debate.

Djiboutian elites believe Chinese finance, technology, and trade volume can not only propel their country to become the "Singapore of Africa," but accelerate growth and integration across a vastly underdeveloped region — a narrative echoed by Beijing.[4] But skeptics see Djibouti and its neighbors as vulnerable outlets for Chinese excess domestic production capacity.[5] They also worry that Djibouti, like other eager recipients of Chinese largesse, might default on its debt and be forced to make concessions to Beijing, a sequence which could threaten vital U.S. interests in the region. As elsewhere, the COVID-19 pandemic and global supply chain disruptions wreaked sudden and severe damage on Djibouti's trade-dependent economy in early 2020. While it is premature to discern medium or long-term implications, projected

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contractions in both Djiboutian and Chinese GDP have added a new wrinkle to conversations over Djibouti's long-term solvency.

Concern among U.S. strategists has been amplified by corruption and poor governance atop Djibouti's political system, a president whose authoritarian style resembles that of his new patrons, and technological inroads made by Chinese telecommunications firms.[6] In this, Djibouti evinces the larger contest between China and the West — marked by different approaches to governance, economic development, and individual liberties.

INTRODUCTION

Framed by competing visions of Sino-Djiboutian cooperation, this report aims to separate fact from fiction in a debate sometimes prone to mischaracterization, and to consider the implications of China's growing profile for U.S. national security. What is the nature of the threat, and what does Beijing's experiment in Djibouti signal about its inevitable strategic expansion beyond Asia?

This report first situates Djibouti in both a rapidly changing Red Sea region and a wider strategic context. It then zooms in to offer ground-level insights into China's economic statecraft and military presence in Djibouti, including operational matters of concern to the U.S. military. Finally, it considers how Washington might best calibrate its diplomatic and military posture, conscious that Djibouti will be a precedent-setting experiment for U.S.-China overseas relations going forward.

THE ADVERSARIAL SHIFT IN U.S.-CHINA RELATIONS REACHES AFRICA

China's rise presents a challenge to the United States and to the international order over which it has long presided. And while U.S. attitudes toward Beijing have been changing for some time,[7] the arrival of the Trump administration in 2017 marked an abrupt, and adversarial, shift in the tenor of U.S. policy. Framing its national security strategy in the language of "great power competition," the administration promptly branded China a revisionist competitor bent on shaping "a world antithetical to U.S. values and interests."[8] Soon thereafter, the policy of competition was reflected in messaging on the Horn of Africa and the wider Red Sea region.

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Africa was, until recent years, seen as a domain of marginal strategic consequence and one where U.S. and Chinese diplomats might find room to cooperate. Both sides explored opportunities through the "U.S-China Strategic and Economic Sub-Dialogue on Africa," convened seven times between 2005 and 2016, as well as through various "Track II" initiatives.[9] Likewise, as recently as 2017, General Thomas Waldhauser, Commander of U.S. Africa Command (AFRICOM), lauded Chinese infrastructure investments on the continent and spoke of "many areas where we can cooperate with the Chinese military."[10] And while a more adversarial disposition was taking root in private, the stated goal of the U.S. military, Waldhauser reported, was to "work with China in Africa as fellow stakeholders in peace, security and stability."[11]

All that changed in December 2018, when then-U.S. National Security Adviser John Bolton unveiled a new Africa strategy. Citing concerns about debt traps, port acquisitions, and nefarious military behavior, Bolton zeroed in on Beijing's growing reach in Djibouti, the Horn, and the Red Sea.[12] China was "deliberately and aggressively" targeting its investments to gain advantage over the United States, he said, and its predatory practices were designed to hold African states "captive to Beijing's demands." General Stephen Townsend, Waldhauser's successor at AFRICOM, followed suit in his January 2020 report to Congress. Citing "coercive and exploitative" practices, he said that China — a "malign actor" — was threatening both African stability and U.S. access and influence in the region. Leveraging its foothold in Djibouti, he added, Beijing was well on its way to converting its so-called logistics facility into "a power projection platform."[13]

Bolton also used the policy rollout to announce the "Prosper Africa" initiative — the latest in a long line of American programs intended to catalyze U.S. business interest on the continent. The initiative would encourage African leaders to "choose high-quality, transparent, inclusive, and sustainable foreign investment projects," he explained, "including those from the United States." Coupled with new development finance initiatives, Prosper Africa is aimed, in part, at countering Chinese state-directed investment.[14]

But while Washington can and should find ways to leverage comparative advantages and deploy smart investments, policymakers must also appreciate that the United States has no chance of matching China's economic heft in the region. Chinese trade with Africa surpassed that of the United States more than a decade ago, and its share of foreign investment on the continent continues to grow at a breakneck pace — now accounting for more than twice the capital invested by U.S. businesses.[15] Beijing is also the largest foreign investor and largest trading partner on both sides of the Red Sea; in 2018 its trade with states in the Horn Africa and the Gulf Cooperation Council topped $187 billion — again more than double that of the United States.[16]

FIGURE 1: DJIBOUTI AND THE RED SEA REGION

THE RED SEA AS A COMPETITIVE ARENA

Today the Djiboutian city-state plays host to the world's reigning and rising powers — thus far an uneasy, but manageable, arrangement. But Djibouti also finds itself at the center of an increasingly charged Red Sea region, where the U.S. and China aren't the only actors jockeying for geostrategic influence. Small states (e.g. the United Arab Emirates, or UAE, and Qatar) and middle powers (Saudi Arabia, Turkey) have flooded the zone in recent years, snapping up commercial ports, military outposts, and infrastructure projects on Africa's Red Sea coast as each looks to project influence beyond its near abroad. Their competition for access, influence, and market share is blurring old boundaries between the Middle East and Africa and shaping a new set of trans-regional dynamics.[17]

The flurry of activity has had considerable impact — both positive and negative — on states in the Horn of Africa and on Yemen.[18] Djibouti and its neighbors have sought to harness the new investments without surrendering their sovereignty or getting drawn into toxic rivalries.[19] Foreign agendas have also loomed large in the region's domestic politics, as the Horn negotiates a period of profound political change.

To Djibouti's west, new leaders in Ethiopia and Sudan are navigating their countries' most significant — and fragile — transitions since the end of the Cold War, the results of which will shape regional trade and security for a generation. To the south, in Somalia, where pirates once exposed the vulnerability of global commerce transiting the Red Sea and Gulf of Aden, U.S. airstrikes — originating in Djibouti — continue against al-Shabab militants. After decades of instability, widespread hopes that Somalia may finally be turning a corner have been shaken by word that the country's planned 2020 elections — the first direct polls in half a century

— may be postponed.[20] Eritrea and Somalia's semi-autonomous region of Somaliland, each which share a border with Djibouti, have sought to utilize foreign interest to improve their respective hands — each has likewise offered to host foreign militaries and signaled interest in developing their own ports.[21] (Further south, Kenya and Tanzania are also vying to establish their coastal cities as regional transport hubs, which could also dilute Djibouti's market share.)

Tensions between Saudi Arabia and Iran have also shaped a changing Red Sea profile, as Tehran's Islamic Revolutionary Guard Corps has threatened to disrupt trade through the Bab al-Mandab strait and the adjacent waterways.[22] Their feud has shaped a civil war in Yemen — now in its sixth year — which has drawn African partners, territory, and fighters into the fold.[23] While economic migrants from the Horn continue to travel, via Yemen, in search of opportunities in the Gulf, a quarter of a million Yemeni refugees have meanwhile fled across the Bab al-Mandab in the other direction, seeking safe haven in Djibouti and across the Horn.[24] Djibouti's strategic location, ports infrastructure, foreign bases, and dual membership in both Arab and African political blocs have offered the country unique opportunities to date, but an increasingly crowded neighborhood presents new challenges for Djiboutian authorities — and their foreign guests — to navigate.

WIDER STRATEGIC CONTEXT: THE INDO-PACIFIC

Viewed with a wider strategic lens, the Red Sea post in Djibouti also represents the western flank of the increasingly pivotal Indo-Pacific domain. The Indo-Pacific — a vast expanse stretching from the west coast of the United States to the east coast of Africa — is seen by many as the primary theater in which China's rise will be negotiated. It is home to vital sea lines of communication between East and West as well as majorities of the world's population, gross domestic product, seaborne trade, and high-volume ports. (It is also home to the world's largest democracy, India, whose weight, naval capabilities, and mistrust of Beijing serves to balance against China.)

In 2018, the U.S. military re-branded its Pacific Command as "Indo-Pacific Command" in recognition of the increasing connectivity of the two oceans. One year later, the Pentagon issued an Indo-Pacific strategy calling the trans-oceanic frontier the "single most consequential region for America's future." It also identified China as the primary threat to U.S. interests and to "free and open" development across the region.[25] The U.S. maintains more than two dozen bases across the Indo-Pacific, as well as 2,000 aircraft, 200 ships and submarines, and some 370,000 military personnel — though the vast majority of these assets are concentrated in the Western Pacific.[26]

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Chinese President Xi Jinping's investments likewise demonstrate the centrality of the Indo-Pacific to Beijing's expanding global aims. While East Asia remains the centerpiece of that landscape, the cultivation of the BRI maritime route is especially evident in the western part of that theater. Two new land corridors — via Pakistan and Myanmar — connect China to deep-water Indian Ocean ports,[27] which are complemented by port stakes in Sri Lanka and a series of ports further west, in the UAE, Oman, Kenya, Tanzania, and Djibouti. While questions persist over the viability of the new land corridors,[28] this network is meant to facilitate access to some 125 BRI states, advance the PLA's blue water ambitions, and enable Beijing to project influence across the Indo-Pacific domain.[29]

Despite a growing emphasis on the region, and the unique value of an American naval base in Djibouti, neither Djibouti nor the western Indian Ocean features in the U.S. Indo-Pacific strategy, which draws its formal boundary at India's western shores.[30] While the lines dividing areas of responsibility must be drawn somewhere, such bureaucratic seams, where authorities are split between multiple combatant commands, can limit the Pentagon's ability to orient itself in terms of grand strategy. (Note, for example:

AFRICOM's area of responsibility stops 12 nautical miles off the Djiboutian coast, leaving primary responsibility for the Red Sea to U.S. Central Command.) These lines should be revisited in light of changing geostrategic realities and made flexible enough to respond to new challenges. Recent comments from U.S. officials suggest further adjustments may be forthcoming. Deputy National Security Advisor Matthew Pottinger hinted during a January 2020 bilateral forum with India that the U.S. administration was reconsidering its geographical articulation of the Indo-Pacific — replacing the so-called "Hollywood to Bollywood" frame with the more expansive "California to Kilimanjaro."[31]

The bureaucratic "seams" challenge is compounded by prevailing incentive structures that prioritize warfighting and counterterrorism, and by outdated conceptions of national power too focused on the military and too divorced from economic and diplomatic muscle. China, by contrast, may be deploying a more effective mix of commerce, technology, and statecraft across what appears — in practice — to be a more expansive, and more integrated, vision of the Indo-Pacific.

DJIBOUTI: TWO BASES, TWO OUTLOOKS

Though both Washington and Beijing appreciate Djibouti's geopolitical value, the two powers have had fundamentally different experiences there, and different outlooks — including how the Red Sea outpost fits into the strategic landscape outlined above.

The United States arrived in Djibouti two decades ago with a narrow counterterrorism agenda, focused primarily on missions in neighboring Somalia and Yemen. It acquired Camp Lemonnier, a former French Foreign Legion post, just weeks after the attacks of September 11, 2001. Lemonnier — one of hundreds of American bases and "lily pads" abroad — has since served as a staging ground for counterterrorism and surveillance missions across the Red Sea region, though operations evolved to include anti-piracy efforts and served to keep an eye on the heavily-trafficked Bab al-Mandab. Washington paid its annual lease on the facility but accompanying investments in Djibouti were few. As counterterrorism declines as a national priority, and U.S. military assets across the continent are being redeployed,[32] the long-term mission at Lemonnier — the only enduring U.S. base in Africa[33] — is under review.

Republic of Djibouti: Quick Facts

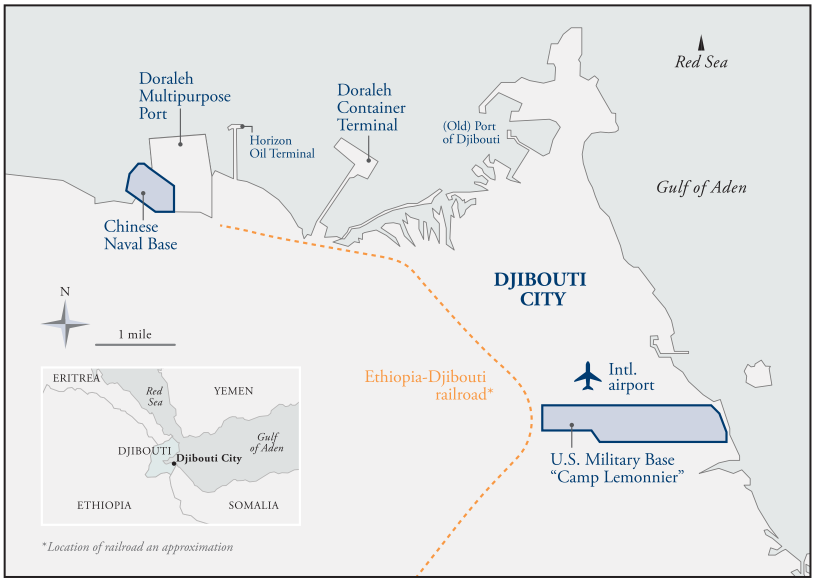
Population	1 million (78% urban)
Size	23,000 km^2 (comparable to Vermont)
Capital	Djibouti
Independence	1977 (from France)
Languages	French (official), Arabic (official), Somali, Afar
Religion	95% Sunni Muslim, 5% Christian
GDP	$3.17 billion (2019)
Government	Republic
Head of State	President Ismail Omar Guelleh (1999-present)

Originally operated by U.S. Central Command, authority for the base was transferred to AFRICOM upon its establishment in 2008. Lemonnier, now under a 20-year lease extension agreement, underwent a $1 billion renovation and expansion in 2013-2014, and today amasses nearly 600 acres. It houses 4,000 U.S. military personnel and contractors, as well as unmanned aerial vehicles (UAVs), F-15E strike eagle fighter jets, P-3 Orion maritime patrol aircraft, and various helicopter and transport aircraft.[34] Personnel at Lemonnier provide operational support to U.S. Central, European, and Special Operations Commands, and cooperate closely with European and Japanese allies stationed in Djibouti.

China, by contrast, arrived in Djibouti more recently, led with major economic investments, and a permanent military presence followed. Its PLA Navy base is likely a precursor to broader strategic engagement on the continent, in the Red Sea, and across the Indian Ocean. And as such, it is also a testing ground — a place where Chinese officers and troops can gain experience in far seas operations, evaluate new naval platforms, and learn from others. It is an outpost from which to service Chinese nationals and peacekeepers, project power commensurate with BRI trade and investments, and gauge international reaction to the flexing of Chinese muscle outside the western Pacific.

The PLA Navy "Logistics Support Base" opened in August 2017 and stands just six miles northwest

FIGURE 2: DJIBOUTI CITY



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of Camp Lemonnier. The product of a defense cooperation agreement inked in 2014,[35] the lease nets the Djiboutian government $20 million in annual rent.[36] The base occupies a 90-acre patch of land on the western side of Djibouti city, directly adjacent to the Chinese-built Doraleh Multipurpose Port.[37] It houses barracks, a helicopter pad, underground storage facilities, and a 300-meter dock.[38] Though high-end estimates suggest it could maintain as many as 10,000 troops, the current deployment is, according to U.S. estimates, likely 1,000 or less.[39] Foreign defense attachés in Djibouti report a phalanx of senior captains at the base — a top-heavy command structure intended to send a positive signal to the host government while affording officers a rare opportunity to gain experience and prestige serving abroad.

A CROWDED GREAT POWER FIELD

In the spring of 2014, U.S. National Security Advisor Susan Rice traveled to Djibouti to pay President Ismaïl Omar Guelleh a visit. Her primary objective was to deter a bid by Moscow to set up its own military facility adjacent to Camp Lemonnier. In exchange for turning away the Russians, with whom U.S. tensions were running high over Ukraine, Rice reportedly carried an offer to double Washington's annual lease payment on Lemonnier — from $30 million to $63 million.[40] The Djiboutians accepted, and the demarche was deemed an important success.

Unbeknownst to Washington, Djibouti had already begun talks with another, more powerful, U.S. rival. Entertaining a bid from China reflected "a Djiboutian philosophy of 'let a thousand flowers bloom,'" according to one U.S. official. Hosting multiple foreign militaries netted the government more than $100 million in annual rent payments, further diversified its foreign relationships, and served the national defense — by offering an insurance policy against any of Djibouti's neighbors who may be inclined toward "swallowing them up."[41]

Plans for Chinese involvement in a new multi-purpose port were well-known at the time, but when rumors of an accompanying military presence were confirmed, U.S. diplomats reached out to the presidential palace for information. Guelleh and his administration consistently sought to downplay American concerns, hinting only at the possibility of a minor Chinese military contingent. In Washington, administration officials were piqued; the Djiboutians had just accepted a lucrative deal aimed in part at denying access to the Russians, only to turn around and invite China in the back door.

U.S. diplomats expressed their displeasure and sought to dissuade Guelleh, but the renewed partnership deal had already been signed, leaving Washington with diminished leverage. As the Chinese project continued to grow and its plans for a naval presence emerged, the National Security Council convened an inter-agency process — this time producing a series of "red lines" regarding the PLA's forthcoming presence, the capabilities it would be allowed, and prohibitions on any interference with U.S. operations. The American ambassador communicated the red lines to Guelleh early in 2015, and his message was reinforced by Secretary of State John Kerry and Deputy Secretary of State Tony Blinken on subsequent visits to Djibouti in May 2015 and February 2016, respectively.[42]

Guelleh was advised that he was making a "huge gamble" with the U.S. relationship, and that Washington might have to consider moving its base if its requests vis-à-vis the Chinese were ignored. But moving the base would be a huge and costly undertaking, it would mean giving up a valuable platform for U.S. operations, and it would set a bad precedent with the Chinese. Less than a year later, the red lines were being tested, leaving some to wonder whether Guelleh had called an American bluff.[43]

TOWARD AN OVERSEAS BASE: CHINESE MILITARY DOCTRINE

The PLA's new naval facility in Djibouti — as well as broader efforts to develop far seas assets, expeditionary capabilities, and defense cooperation pacts — reflects a shift in Chinese military doctrine and a break with principles once sacrosanct — including a prohibition on basing troops on foreign soil. But the opening of such a facility should not come as a surprise; Beijing's military expansion is intended to match its growing interests abroad — a course of action that is not only logical and historically consistent with other rising powers,[44] but one that was signaled in advance.

Overseas basing has been debated in Chinese academic and military circles for more than two decades. The fact that just one exists today suggests, to some, a "gradual and cautious" approach.[45] China's position began to evolve in the mid-2000s with a series of defense white papers and accompanying analyses that wrestled with the tension between Beijing's growing overseas interests and its traditional policies on non-interference and stationing troops abroad. Progressing slowly but steadily, they hinted that foreign bases — albeit with Chinese characteristics — would be forthcoming.[46]

An important milestone followed in 2008, when the PLA Navy — at Washington's urging — began participating in United Nations-backed anti-piracy missions in the Gulf of Aden.[47] China deployed more than 30 naval task forces over the ensuing decade, escorting thousands of commercial ships through the Gulf of Aden and Red Sea.[48] These deployments allowed the PLA Navy to "develop its blue-water logistics capabilities and justify its military presence far from Chinese shores," and to do so without inviting international scrutiny.[49]

The eventual choice of Djibouti for the first permanent base was, by the same token, likely informed by the fact that five other foreign militaries were already operating there. Joining the crowd would invite less international attention or criticism than establishing a stand-alone Chinese base elsewhere in the Red Sea or western Indian Ocean.

By 2015, with a deal for the Djibouti base already agreed, Beijing's annual military strategy document articulated its far seas rationale in forthright terms:

> "With the growth of China's national interests, its national security is more vulnerable to international and regional turmoil, terrorism, piracy, serious natural disasters and epidemics, and the security of overseas interests concerning energy and resources, strategic sea lines of communication (SLOCs), as well as institutions, personnel and assets abroad, has become an imminent issue… 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 cooperation, so as to provide strategic support for building itself into a maritime power."[50]

For the "logistics support facility" in Djibouti, this means: facilitating anti-piracy operations, supporting Chinese peacekeepers in Africa and West Asia,[51] protecting overseas nationals including emergency rescue and evacuation, and — most notably — safeguarding strategic maritime routes.[52] This last interest can be understood as protecting oil flows from the region as well as commercial shipping interests between Europe, Africa, and mainland China. (It also underscores the fact that Washington and Beijing share a fundamental interest in maintaining open sea lines of communication through the Bab al-Mandab onward to the Suez Canal.)

Beyond these more modest objectives, Chinese strategists also weigh the possibility of interdiction by the United States or its allies in the event of a major conflict.[53] The question thus posed by American military strategists is whether, how, and when, the PLA's ostensibly benign non-combat operations in Djibouti and the adjacent seas will evolve into higher-end and potentially threatening military missions.[54] Observers point to dual-use capabilities and to the deployment of advanced naval platforms — vessels that outstrip the base's limited missions — as an important metric of this progression. Pentagon officials cite the deployment of Luyang III-class guided missile destroyers to the Gulf of Aden in September 2019 as one such example.[55]

Though Chinese capabilities remain modest, some believe the transition to high-end missions is well underway. "What was thought of as a support base for peacekeeping and piracy missions," one U.S. official summarized, "is slowly being turned into a power projection platform."[56]

These concerns aren't exclusive to Djibouti, as there has been an uptick in PLA military diplomacy, including port calls, joint exercises, and senior exchanges with states across the Red Sea and the Indo-Pacific. Port calls by Chinese warships at dual-use civilian-military ports have drawn particular attention, especially when those ports are financed or operated by Chinese state firms. To some, this mixing of commercial and strategic agendas — a feature of Beijing's state model — suggests the PLA could leverage or upgrade these facilities for military purposes if the need arose.[57]

U.S.-CHINESE INTERFACE IN DJIBOUTI

The PLA Navy base offers Chinese troops and officers a chance to learn on the job by engaging host-country counterparts and navigating local norms. It also provides an opportunity to operate in proximity to more established foreign forces — especially the U.S. military. "They are learning… and learning fast," reported a top U.S. commander at Lemonnier, echoing an oft-cited characterization among foreign observers in Djibouti. The interface between the U.S. and Chinese contingents has prompted some legitimate concerns regarding safety, deconfliction, and counterintelligence risks, as well as strict orders from the Pentagon limiting engagement. But it also offers the U.S. military an opportunity — unrealized at the moment — to shape the PLA's curriculum and influence the terms of U.S.-Chinese overseas engagement going forward.

For those inclined to engage the Chinese, airspace and maritime deconfliction is reason enough, lest the two powers risk unwanted and potentially dangerous incidents while operating in close quarters. U.S. officials report a number of uncomfortable incidents on land and at sea that, if mismanaged, could cause unintended escalation.[58] (Djibouti's expanding ports complex is also likely to increase maritime traffic, which could increase competition among military and commercial vessels in an already tight operating environment.[59])

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In 2018, flight vectors emerged as one such point of friction, as all foreign militaries use Djibouti's lone international airport. PLA officers complained to their Djiboutian counterparts that U.S. and other foreign aircraft were intentionally flying directly over their new base for surveillance purposes. When commanders at Lemonnier explained that approach vectors were set by Djiboutian air traffic control (and based on geographic realities), PLA officers reportedly refused to believe the U.S. military would take direction from Djiboutian civil authorities. In response, the Chinese requested not only changes to the vectors but special airspace restrictions both around and above their base. Concerned that Djiboutian authorities might set a precedent by acquiescing to the demand, Western military, diplomatic, and commercial actors organized to privately express their reservations to the host government. In the end, the Djiboutians denied the request and granted the PLA the same airspace protections afforded to other foreign military bases.[60]

While U.S. officers report semi-regular contact between international defense attachés, there is no standing bilateral or multilateral arrangement through which U.S., Chinese, and other foreign forces systematically coordinate and deconflict operations. In 2018, Western ambassadors in Djibouti initiated an ad hoc grouping to do just that, inviting Chinese, U.S., French, Japanese, Italian, and Djiboutian representatives. Despite participants reporting tangible dividends, such a mechanism has not been formalized.

The prevailing obstacle? American concerns about counterintelligence and a Pentagon policy circumscribing contact with the PLA. "They are professional collectors," explained one U.S. defense official. "And in every engagement, we lose more than we gain." For the Department of Defense, the potential for Beijing to gain insight into U.S. operating procedures, sensitive capabilities, or best practices outweighs any gain — especially when each interaction carries not just local, but "potentially global implications."[61] Thus, while U.S. officers in Djibouti have attended select multilateral events on site at the Chinese base, they more often turn down invitations.[62]

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Commanders at Camp Lemonnier say Chinese personnel are indeed eager to engage them at every opportunity, detailing a long list of clumsy — and relatively benign — intelligence collection attempts both at the base and elsewhere in Djibouti city. But they also complain that decisionmakers at the Pentagon's policy division, which signs off on all contact between U.S. and Chinese personnel, are unreasonably risk averse. Some on the ground are keen simply for a more robust deconfliction mechanism, others to test a more assertive posture. "Make no mistake, this is the front line in the great power rivalry," one argued. "We should not be avoiding all contact with the PLA, but looking to challenge them and expose their mistakes every chance we get."[63]

Hostile incidents between the two militaries have been avoided thus far, save one highly visible episode in 2018, when U.S. officials alleged that PLA forces had on several occasions targeted U.S. pilots with military-grade lasers — an act which can disorient and injure pilots. The incidents, which received international attention, were vehemently denied by China's Ministry of National Defense.[64]

CHINESE ECONOMIC PRESENCE

Chinese engagement in Djibouti began to accelerate in 2013 and has helped the country achieve sustained economic growth in the years since, a trend that was — until the onset of COVID-19 — projected to continue.[65] GDP rose from $1.3 billion in 2012 to $3.1 billion in 2019.[66] These gains were thanks in part to major infrastructure development financed by Chinese loans, and in part to increased trade volume through the country's expanding port complex. But they were also accompanied by a rapid accumulation of foreign debt.

Beijing's venture in Djibouti can be understood as part of a chain of economic and strategic investments spanning the Red Sea region and extending across the northern rim of the Indian Ocean. This is the backbone of Beijing's new maritime silk road, and Djibouti — which officially joined the BRI in 2018 — has emerged as a critical depot. But the decision to invest big was driven as much as anything by China's appetite for market share in neighboring Ethiopia, a country of 110 million people with enormous growth potential, huge energy and infrastructure needs, and an expanding consumer class. China has poured billions into Ethiopia in recent years, fueling a construction boom that has transformed Addis Ababa — its high-rises, roads, light rail, factories, and free economic zones evidence of a rapidly expanding partnership with one of Africa's most significant players.

For Djibouti, meanwhile, the aim is clear: Like Singapore, harness its unique geography astride a major commercial shipping route to become a global logistics, services, and trans-shipment hub in a world shifting toward Asia and the Indo-Pacific. Beyond its already growing port complex, the most ambitious of visions includes not just ports and free economic zones, but a new commercial hub, airport, hotels, casinos, tax-free shopping, and more. "Why should we watch Africans fly over our heads en route to Dubai?" asked one ardent Djiboutian supporter of the vision. "Let us be the Singapore or Dubai of Africa."[67]

To realize this goal, Djibouti set forth an ambitious "Vision 2035" development plan in 2014, using mostly Chinese-backed infrastructure as a catalyst to build a "productive, competitive and diversified economy" that could accelerate growth and thereby tackle poverty, unemployment, and other deficits.[68] Beijing has presented its partnership as the fuel for Djibouti's socio-economic transformation and its aspirations to become a multi-purpose hub connecting three continents.[69] It has also touted the benefits for economic integration across the Horn — one of the continent's least connected regions — and credited its projects with creating tens of thousands of jobs.

Building upon the first batch of loans and capital injections agreed in 2013, Guelleh visited China in 2017, 2018, and 2019, each time inking additional cooperation deals — in finance, technology, agriculture, and infrastructure.[70] The ensconced and highly personalized rule of Guelleh, who took the presidential reins from an uncle more than two decades ago and has since presided over a finely-calibrated patronage system, makes him an especially appealing partner. While critics complain of corruption and inequality, the 73-year old Guelleh — who is likely to win a fifth presidential term next year — has offered Chinese officials and state-owned firms exactly what they want: stability, flexibility, and a strongman who can deliver.[71]

Beijing's motives are well known to Red Sea partners like Guelleh, but are also not antithetical to their own economic aspirations. U.S. cries of Chinese foul play, and pressure to pick sides, have largely fallen on deaf ears, as underdeveloped countries like Djibouti have much to gain by maximizing relations with both China and the West. In 2017, Guelleh publicly complained of an American "fixation" with the Chinese, citing constant complaints from U.S. quarters that the Chinese presence was causing it problems. Calling Western partners "absent subscribers," he said that only the Chinese were offering Djibouti "a long-term partnership."[72]

INFRASTRUCTURE BOOM

Three big-ticket infrastructure projects anchor China's investment portfolio in Djibouti — a new multi-purpose port, a standard gauge railway to Ethiopia, and a water pipeline also extending to Ethiopia. Each are financed by non-concessional loans from the Export-Import Bank of China and together carry a $1.5 billion price tag. These flagship projects are accompanied by a range of supporting businesses, a new free trade zone, and injections of private capital — including China Merchant Group's 2013 acquisition of a 23.5% ownership stake in Djibouti's national port authority, the Djibouti Ports and Free Zones Authority (DPFZA).[73]

FIGURE 3: LARGE-SCALE INFRASTRUCTURE DEBT [74]

Project	Dates of Construction	Financing	Construction Entity	Loan Terms	Total Cost of Project (USD)	Loan Amount (USD)
Doraleh Multipurpose Port	2014-2017	Export-Import Bank of China	China State Construction Engineering Corp.	**2016** 20-year maturity 2% interest rate 5-year grace period	$580 million	$344 million
Ethiopia-Djibouti railway (Djibouti section)	2012-2016	Export-Import Bank of China	China Railway Construction Corporation	**Initial terms 2013** 20-year maturity, 3% fixed interest+ LIBOR **Restructured**: **2019** 30-year maturity 2.1% fixed interest+ LIBOR	$595 million	$492 million
Ethiopia-Djibouti water pipeline	2015-2017	Export-Import Bank of China	CGC Overseas Construction Co. Ltd. (CGCOC)	**2013** 20 year maturity 2% interest rate 5-year grace period	$339 million	$322 million
Totals					$1.51 billion	**$1.16 billion**

The new Doraleh Multipurpose Port (DMP), which handles bulk, general, and some container cargo, has dramatically expanded capacity beyond Djibouti's "old port."[75] Operated by China Merchants Group, which also holds a minority stake in the facility, DMP revenue has proven sufficient to service its own debt. While its Chinese operators and location adjacent to China's military base have invited considerable attention, the new multi-purpose port is but one in a constellation of new and existing port facilities.

With the capacity to handle 1.6 million containers per year, the Doraleh Container Terminal — located just east of the DMP — is in fact the "crown jewel" of the country's port complex, and its greatest source of revenue (more on the container terminal and debt trap fears below).[76] The Horizon oil terminal, situated between the two ports, provides tank storage and bunkering services for commercial and military vessels, including all fuel supplies for the U.S. military. Deeper into Djibouti's Gulf of Tadjourah is a $90 million port dedicated to fertilizer sourced from neighboring Ethiopia, and the $64 million Port of Ghoubet, another specialized facility which exports salt mined from Djibouti's Lake Assal to China.

The new Ethiopia-Djibouti railroad is the artery designed to connect these ports to their primary market.[77] The standard gauge rail, which replaces a long-defunct French rail line built in the 1890s, is one of Beijing's most notable BRI projects in Africa. The rail project was meant to showcase Chinese technology and engineering and, in the most ambitious of BRI visions, represents just one segment of a railway spanning the continent from east to west.[78] The Djiboutian portion of the rail — roughly 100 kilometers from port to the Ethiopian border — is part of a larger $3.5 billion project meant to unlock Ethiopia's full economic potential and facilitate Chinese expansion there. The terms of the railway loan were less favorable than Djiboutian authorities would have liked, and International Monetary Fund (IMF) officials recommended against it, but the Djiboutians felt they had little room to maneuver given the far larger players anchoring the potentially transformative deal.

The Ethiopia-Djibouti water pipeline channels groundwater from Ethiopia to major Djiboutian towns to help alleviate chronic water shortages. Due to financial and operational missteps, the government has recently been servicing the loans on both the rail and water pipe, the latter of which is due to begin amortizing in 2022.

Rounding out Djibouti's vision for a world-class commerce and logistics hub, the national port authority, alongside partners China Merchants and Dalian Port Authority, also broke ground on an international free trade zone (FTZ) in 2017. The $370 million pilot phase — which includes a $250 million China Development Bank loan — is to be followed by the development of three adjacent zones over the next decade, a multi-billion dollar undertaking that developers hope will become the largest such zone on the continent.[79] As of mid-2019, just three dozen companies were registered in the zone, however, and much of the 2.5 kilometer pilot space remained undeveloped.[80] One foreign investor called the zone "a total pipe dream," echoing those who see limited activity at the site as evidence that the project will never come to fruition.

BIG PLANS: REAL OR IMAGINED?

Developers and port authority officials tout another $11 billion in projects which, for now, exist only in promotional videos and the minds of their most optimistic champions. Atop the list are a new container port, two new airports, and two multi-purpose developments which aim to realize the "Singapore of Africa" ambition.[81]

The first of these larger schemes aims to transform Djibouti's aging "old port" into a world-class waterfront development — complete with an ultra-modern business district, cruise terminals and marina, convention center, hotels and resort, parks, sports complex, and retail shopping. Backers note that the bid for the project was won by China Merchants — the same firm that built the sprawling Shenzhen port complex in Guangdong province, and which already holds stakes in Djibouti's port authority.[82] The second transformative project is another industrial park, port, and free trade complex 10 miles south of Djibouti city, at Damerjog. Blueprints include facilities for coal-fired power generation, petrochemicals, building materials, desalination, natural gas liquefaction, and oil export, as well as a rail link and an international quarter complete with hotels, residential units, schools, green space, and an office park.[83]

One of the Damerjog plan's core components — a $4 billion pipeline that will deliver natural gas from a new, Chinese-developed deposit in the Ogaden region of neighboring Ethiopia — was approved late in 2019, and construction of the pipeline and accompanying liquified natural gas (LNG) terminal is slated to begin this year.[84] But the larger master plan for Damerjog appears to be on hold, as is the renewal of the old port. In the short term, the risks of further debt accumulation means these two transformational projects are unlikely to get off the ground. And in the long run, other domestic constraints raise doubts as to the realization of such grand designs — including "prohibitively high utility costs, an arid climate, searing temperatures, and the lack of a domestic labor force."[85]

SKEPTICS FOREIGN AND DOMESTIC

Despite the flurry of Chinese investment and high growth rates, the rising tide has yet to lift all boats. Most ordinary Djiboutians do not feel the impact of these gains, and many perceive Chinese largesse as reinforcing an already corrupt system of government. "We don't like the Chinese," one outspoken service worker opined. "I don't know anyone here who likes the Chinese."[86] There is little space for such dissent, however, or for public discourse around the impacts of the partnership with Beijing, as the Guelleh government maintains a tight grip on both.

Critics worry of a growing gap between a rapidly modernizing port industry — and the political and financial elite that manage it — and the rest of the country. Djibouti's gross national income (GNI) per capita means it ranks as a lower middle-income country,[87] but this designation obscures a far more concerning reality for most citizens. While 10% of the population earns half of all income,[88] indicators for poverty, health, employment, and education put Djibouti near the bottom — 171st — of the UN human development index.[89] Electricity and telecommunications costs are among the highest in the region, despite the fact that Djibouti sits at the intersection of seven major fiber optic cables connecting Europe and Asia.[90]

"They took advantage of bad governance in this country and have made it much worse," opined one Western ambassador in Djibouti. "They are killing this country."[91] Skeptics foreign and domestic believe Beijing's rhetoric of "win-win" development is farcical, and that Chinese engagement has exacerbated public sector mismanagement and a bad business environment while leaving Djibouti with a massive trade imbalance, poor quality construction, and insurmountable debt.[92] Some complain that dubious practices by Chinese firms means the playing field is no longer level, forcing Western companies with decades-long track records in Djibouti to shutter their operations after being consistently outbid by Chinese competitors.[93] French officials report that fairer commercial standards were atop President Emmanuel Macron's agenda during his visit to Djibouti in 2019 — just the second by a French president in two decades.

> **Despite the flurry of Chinese investment and high growth rates, the rising tide has yet to lift all boats. Most ordinary Djiboutians do not feel the impact of these gains, and many perceive Chinese largesse as reinforcing an already corrupt system of government.**

U.S. and European officials also worry that China has found, in Guelleh, a partner who shares Beijing's authoritarian impulses and who, as in other weak states, will enable Chinese companies to pursue profits by exploiting poor governance and flouting regulations. They report evidence that a number of high-ranking Djiboutian military officers and parastatal managers are "in the pocket of the Chinese."

Djiboutian officials, by contrast, complain of hypocrisy among their Western allies. "The French have been here since 1977, the Americans since 2001," explained one senior diplomat. "We asked for these things," he says of their infrastructure agenda. "But what did France do for us? What did the United States do?" The Chinese delivered on their development asks, and the oft-cited message is thus: "Do not criticize us now that we have gone with someone else."[94]

Djiboutian representatives also report being exhausted by having to reassure countless foreign delegations that they have not sold out to Beijing. They are aware of the critiques of China's economic statecraft, but believe Beijing has turned a corner. "The Chinese have realized that they don't want Djibouti, or Ethiopia, or others to turn around in 10 years and say, 'you're the guys who ruined our economy, ruined our country.'" They are adapting, the same diplomat argues, as a result of the "debt trap diplomacy narrative" woven by the West.[95]

DEBT VULNERABILITY

Concerns regarding Djibouti's debt distress are not unfounded, including when compared to neighboring states in the Red Sea region.[96] The majority of the country's public debt is owed to Beijing, and the largest of its outstanding loans — due to begin amortizing in 2020 — has already been restructured on account of looming shortfalls.

Djibouti's debt-to-GDP ratio rose from 34% in 2013 to a projected 104% at one point in 2018, prompting the IMF to categorize Djibouti "high risk of debt distress."[97] That figure was later recalculated, and lowered to 71%, though the country's exposure remains a matter of contention. Some observers argue — due to budget constraints, low productivity, accumulating arrears, and additional external debt — that the hole is deeper than revised estimates suggest.[98]

Djiboutian authorities are adamant that they will be able to repay their debts, however, citing GDP growth of nearly 8%, growing Chinese trade volume, and Ethiopia's liberalizing economy. The country's heavy reliance on one industry leaves it vulnerable to external shocks, however, such as a crisis in Ethiopia or economic downturn in China. (Beginning in March 2020, the COVID-19 virus shut down businesses, slowed port traffic, and prompted questions about long-term Chinese investments in the region. See "The impact of the COVID-19 pandemic" below.[99])

While some of its loans from China's Export-Import Bank are being adequately serviced, not all infrastructure projects have turned a profit just yet. In addition to a series of headaches over financing and electrifying the Ethiopia-Djibouti railway, delays in its operationalization prompted Djibouti's finance minister to travel to Beijing in April 2019 in hopes of refinancing.[100] After several rounds of negotiations, the parties agreed to make a modest interest rate reduction, extend the loan's maturity, and defer accumulated arrears.[101]

Seeking to downplay concerns, the minister argued that the more ominous debt projections mischaracterize the situation and underestimate the potential of ports which are "overperforming or have the capacity to overperform."[102] Concerns about current debt-to-GDP ratios should indeed take account of a number of variables, including Djibouti's need, size, and the long-term value generation of the new assets. Still, not everyone shares his optimism. "The government is lying," said one Western ambassador, arguing the minister's impromptu visit to Beijing was evidence of both Djiboutian disquiet and unrealistic revenue projections. "They *cannot* repay the Chinese loans."

The debate is likely to continue, though the largest single determinant of whether Djibouti will be able to balance its books lies to the west, in Ethiopia. Ninety percent of Djibouti's port business services Ethiopian trade, and for now, it is the landlocked giant's only outlet to the sea.[103] In 2018, Prime Minister Abiy Ahmed took the reins in Ethiopia from an elite coalition that had controlled the country's politics, and its program of state-directed development, for three decades.[104] The 43-year old Abiy promptly began opening the country — pledging not only democratic changes but market reforms, liberalization of key sectors, and productivity gains. Abiy's bold plans for economic expansion are contingent upon his navigating a delicate political transition amid ethno-regional faultlines, and all eyes are on elections (now postponed to 2021 due to COVID-19).[105] Success could prove Djibouti's optimistic authorities right, but failure — including election-related violence or political deadlock — could leave Djibouti deeper in the red. "As goes Ethiopia," one Western diplomat surmised, "so goes Djibouti."

A TRAP?

The "debt trap" debate that has headlined discourse on Djibouti in recent years — and which ultimately made its way to Capitol Hill in 2018 — began with a controversy over control of the country's most productive asset, the Doraleh Container Terminal (DCT). Because the facts of that episode were sometimes mischaracterized, and resulting fears stoked, the debt-trap narrative has persisted. While Djibouti's debt vulnerability provides fertile ground for concern, claims that China is deliberately extending loans with a view to inducing default appear overstated. In any case, predictions about a Chinese debt-for-equity swap must begin with a clear assessment of the facts.

Opened in 2009, the Doraleh Container Terminal was designed, built, and operated by UAE ports conglomerate DP World as part of a 30-year concession agreement. The facility operated without a hiccup until 2012, when Djiboutian officials began to complain that DP World was deliberately under-developing the DCT so as to prevent Djibouti from ever achieving parity with, or surpassing, Jebel Ali Port, the company's flagship operation in Dubai.[106] The initial contract — which was allegedly obtained through bribes — gave DP World extraordinary authority over Djibouti's infrastructure development, reportedly including a provision that any further development of Djibouti's ports required signoff from Dubai.[107] After years of trying and failing to renegotiate the concession, the Djiboutian government unilaterally terminated DP World's contract in February 2018 and assumed control of the port. In announcing the decision to nationalize the DCT, authorities cited contract provisions that constituted "flagrant contraventions of state sovereignty."[108]

Several years prior to the takeover, Djibouti had sold a minority stake in its national port authority to China Merchants Group, which meant the Chinese conglomerate also acquired a minority stake in the container terminal.[109] As the acrimonious episode unfolded, reports surfaced that Djibouti had ceded operational control of the terminal to China Merchants. Djiboutian authorities furiously denied the reports, arguing the gap had been filled by Djiboutian operators alone.

DP World filed suit against both parties — Djibouti for breach of contract, and China Merchants for unlawfully inducing the breach.[110] Meanwhile, rumors about Chinese control of the DCT began to spread, ultimately making their way to Capitol Hill. There, members of Congress wondered whether Beijing might acquire control of Djibouti's most valuable asset as collateral for unpaid debt, just as it appeared to have done a year earlier at Sri Lanka's Hambantota port. (The Hambantota episode — itself more complicated than popular narratives suggest — is what birthed the narrative of Chinese "debt trap diplomacy."[111])

"Our military and intelligence assets and ability to operate in this strategic chokepoint," wrote one concerned member of the House Armed Services Committee, "are increasingly under threat due to China's growing influence with President Guelleh's government."[112] The following day, General Waldhauser of AFRICOM testified that, despite Djiboutian assurances, he too harbored concerns about U.S. strategic interests should China gain control of the port.[113]

Djiboutian authorities insisted time and again that they had no interest in turning the DCT over to the Chinese, but could not snuff out the narrative. Senators Marco Rubio and Chris Coons later penned a similar letter to top Trump administration officials expressing worry that "China's control of Doraleh could allow it to impede U.S. military operations" in the Horn and "expand its influence" over Djibouti, Ethiopia, and other vulnerable states in the region.[114] John Bolton echoed the chorus a week later, warning that Djibouti may soon "hand over control of the Doraleh Container Terminal, a strategically-located shipping port on the Red Sea, to Chinese state-owned enterprises."[115]

What is the nature of the threat? American strategists worry about the possible interruption of materiel and fuel supply chains, reduced access for naval assets, and, conversely, greater access arrangements — and thus a potential military advantage — for the PLA. As with concerns about leveraging 5G wireless networks and other commercial infrastructure, observers note that Chinese control of critical ports could also offer Beijing unique opportunities for sensitive intelligence collection or expose U.S. vessels and communications equipment to interference.[116] The implications also extend to scenarios involving direct conflict with China, though experts caution against overstating the PLA's current capabilities. Some even suggest China's Indian Ocean presence could create "more vulnerabilities than opportunities" in the event of a conflict with the United States or its allies.[117]

Despite sustained rumors of a Chinese takeover, visits to Doraleh Container Terminal confirmed Djiboutian claims

— that management is local, that on-site technology is primarily of European and American manufacture, and that only a handful of the approximately 700 employees on site are Chinese nationals, none of whom occupy leadership roles.[118] A year after his initial statement to Congress, Waldhauser testified that throughput for U.S. logistics and material at DCT had not been impacted — in fact, he reported efficiency at the port had improved. Waldhauser added that President Guelleh's insistence that he had "no intention of selling out to China" had been backed up by action.[119]

In addition to assurances of solvency and sovereignty over their own operations, Djiboutian diplomats and port operators also draw attention to an apparent double standard, noting that Chinese firms have acquired stakes — sometimes majority shares — in more than a dozen European ports, including in France, Italy, Belgium, and Greece.[120] Nonetheless, whether genuine sentiment or savvy politicking, Djiboutian elites also privately tell their Western counterparts that they're conscious of having gotten in too deep with China and are keen to diversify their investor pool going forward.

Djiboutian intentions aside, one also has to assess whether Beijing has any interest in engineering a debt-for-equity swap, and several currents suggest it may not. First, the Hambantota episode in Sri Lanka invited a torrent of international scrutiny and helped promulgate the idea that China might begin seizing strategic assets the world over. The notion promptly gained traction in the West, was subsequently challenged by analysts and scholars, and today remains a topic of considerable debate.[121] As such, the potential reputational costs of an outright debt-for-port swap likely outweigh the gains of assuming control, at least under current circumstances.

Second, default in Djibouti could yield the kind of uncertainty and instability Beijing would prefer to avoid. It might also complicate relations with Ethiopia, who as a regional and continental leader, would be hard pressed to countenance such a move in its backyard. In this, what's good for Djibouti — a successful transition in Ethiopia leading to continued economic growth — is good for China. Beijing's willingness to forgive or renegotiate major loans with both countries in recent years lends some credence to this argument.[122]

Finally, defense analysts are rightly skeptical of any state's ability to convert coercively acquired access arrangements into meaningful military advantage,[123] which also makes such a debt-for-equity swap less desirable. While a leveraged asset seizure is unlikely in peacetime, debt could be leveraged not for outright control but for preferential access or desirable advantages in other sensitive sectors. U.S. strategists, maintain, moreover, that Beijing's debt-for equity calculations could change in a conflict scenario.[124]

THE IMPACT OF THE COVID-19 PANDEMIC

Despite the COVID-19 pandemic's immediate health and economic impacts in Djibouti and the Red Sea region, it is too early to discern the long-term implications for Djibouti's economic trajectory or for China's profile in the region. In the shadow of the pandemic and China's domestic lockdown, Beijing reported a 2020 first quarter economic contraction of 6.8% — its first such loss in decades — representing roughly $100 billion in lost output.[125] These losses, together with travel bans, supply chain interruptions, and other containment measures have slashed trade volume and raised questions about China's long-term investments abroad, not least in Africa. While the health impacts of the virus were comparably modest in Africa during the first quarter, the economic fallout of a global recession has proven acute, as plummeting oil and commodity prices have left many of China's African partners in the red. Moreover, the resiliency of regional health systems remains a critical concern, as any intensification of the pandemic could prove catastrophic for an already fragile region.

For Djibouti, the pandemic represents precisely the kind of external shock to which its narrow economy — highly vulnerable to regional and international supply chain interruptions — is most vulnerable. Djiboutian authorities suspended international air travel in mid-March following the first positive test for the virus, and a general lockdown soon followed. Throughput at Djibouti's ports is likely to fall as trade, trans-shipment, and logistics activity declines and Ethiopia's economy contracts. As such, the World Bank predicts GDP could fall from 7.5% in 2019 to 1.3% in 2020. Uncertainty prevails, as an already weak social safety net means the pain of a sustained crisis could prove acute for many of Djibouti's one million citizens. In the short term, Djibouti — and its neighbors — will likely need emergency support and loan deferments to cope. However, if the pandemic is reasonably contained in the coming months, the economy is expected to rebound and again achieve high growth by 2021.[126]

While some were quick to herald a fundamental change to China's economic model in the region, such predictions are premature, as any lasting consequences will depend on the shape and speed of China's recovery at home. The global health event nonetheless prompted some new challenges for Beijing's relationships in the region, which could alter the character of those partnerships going forward.

First is debt relief. In the immediate wake of the COVID-19 crisis, African countries, led by Ethiopia's Abiy Ahmed, called on international creditors to relieve or restructure debt owed by the continent's poorest countries. The high-profile appeal, which was backed by the World Bank and the IMF, is meant to enable already ailing governments to direct limited resources toward coronavirus prevention. Given its sizeable share of African debt, China promptly became the center of attention. But Beijing has responded cautiously.[127] Neither unilateral action nor outright cancellation is likely, as Chinese officials prefer a country-by-country approach and will be loath to absorb major losses amid their own domestic contraction. Though some suggest Chinese debt forgiveness could come with more strings attached — including debt-for-equity swaps — Beijing's track record suggests renegotiation is more likely. Joint action is critical, as both Chinese and Western creditors are treading carefully so as to avoid setting problematic precedents with either indebted countries or other creditors.

The collective nature of the debt problem comes in the context of an accelerating soft power battle between Beijing and Washington. Once its own outbreak was contained, Chinese institutions and individuals undertook highly visible campaigns to deliver healthcare supplies and medical support to African countries, not least in the Horn. But these efforts were blunted by a second COVID-19 story when images of the evictions and harassment of African migrants in Guangzhou, China — prompted by fears of imported infections — sparked a diplomatic and public relations crisis heretofore unseen in China-Africa relations.[128] While the damaging episode soon faded from the public view, Africa's relations with Beijing — including overexposure to the Chinese market — are likely to remain in the public eye as each navigates the tectonic impacts of the pandemic.

RECOMMENDATIONS AND CONCLUSION

China's expanding economic partnerships across the Red Sea region, and the wider BRI network, have helped Xi Jinping mitigate economic pressure at home amid slowing GDP growth. But they have also allowed Beijing to build political influence and created the space to establish a forward military presence — both of which serve to protect and advance its geoeconomic interests. China's military base at the mouth of the Red Sea is its first overseas, but as Beijing continues to radiate influence across the oceans, more are sure to follow.

The PLA Navy base in Djibouti presents U.S. forces with some immediate operational and counterintelligence challenges, but it should also be thought of as an opportunity — both to observe the PLA and to set precedents for U.S.-Chinese overseas relations going forward. The proximity offers a chance to observe the relationships between Chinese state-driven commerce, diplomacy, and the military, and to monitor both how the PLA operates and what it learns. Each may offer insights into Beijing's next moves in the region, in the western Indian Ocean, and across the wider Indo-Pacific. Rather than denying the inevitability of China's strategic expansion, or assuming too conservative a posture in Djibouti, U.S. diplomats and military leaders should identify opportunities to actively shape the terms of our engagement — and set advantageous precedents.

> **"The PLA Navy base in Djibouti presents U.S. forces with some immediate operational and counterintelligence challenges, but it should also be thought of as an opportunity — both to observe the PLA and to set precedents for U.S.-Chinese overseas relations going forward.**

When the PLA arrived in Djibouti, some asked whether the United States shouldn't pick up and move its base elsewhere in the region. This would have been a mistake for several reasons, not least the signal it would have sent to Beijing. However, officials at the Department of Defense have and should consider diversifying options when it comes to particularly sensitive functions, such as refueling, which currently depends exclusively on the Horizon terminal. They might also consider expanding cooperation agreements with neighboring states to provide for contingency sites on the Red Sea coast. Such investments would not only offer operational flexibility, but could serve an important signaling function and improve Washington's bargaining position with Djibouti.[129]

Confronting an expanding Chinese presence and advancing U.S. interests requires expanding beyond a security lens, however. It requires a multi-faceted approach that identifies and leverages comparative advantages, including: augmenting existing partnerships in the region, working multilaterally, maintaining U.S. primacy as a security partner and security assistance provider,[130] offering technical and development expertise, and emphasizing sectors where U.S. businesses can bring something unique to the table. It means tailoring an aid package that is both responsive to Djiboutian priorities and integrates economic, political, and security assistance so as to achieve maximum impact.

In economic terms, the U.S. cannot match the kind of loans, trade, or commercial investments that Beijing will continue to pump into the region, and nor should it pretend that it can. But it can advance what some deem an "asymmetrical" strategy that maximizes comparative advantages,[131] encourages competition, and raises standards. This means identifying smart downstream investments — in high-tech, energy, and service sectors — where U.S. companies can add unique value. It means maximizing opportunities for skills and technology transfer, an area where China has come up short in Djibouti. And it means encouraging states to diversify their investments — not only via U.S. companies, but also with others that together can prevent China from occupying too large a portion of any country's market. To this end, the United States might also look for opportunities to make joint investments with allies who are better suited to more readily deploy state-directed capital.

Finally, the U.S. could lend technical expertise in areas that can help governments make sound investments. Offering to review contracts for major loans and capital-intensive projects is one such example, whether that service be provided by U.S. technocrats or experts from international financial institutions.

In political terms, Washington should caution against overemphasizing "great power competition" in places like Djibouti. While turning greater U.S. resources and attention to China is sensible, the administration must calibrate its message carefully. Like many others in the region, Djibouti has demonstrated no interest in being caught in a new Cold War, and no interest in choosing sides. It has also reminded U.S. policymakers of the hazards of overlooking Djiboutian agency. Indeed, for Washington to place singular emphasis on Chinese threats, or to create a perception that it is only interested in the Red Sea and Indian Ocean for the sake of competition with the Chinese, would be a mistake. Deepening bilateral relationships, being more responsive to partners' priorities, and demonstrating the value of a U.S. partnership is sound diplomacy in its own right, but it is also among the best ways to check Chinese influence.

Leveraging comparative advantages also means working with like-minded allies to advance shared interests — from ensuring fair business standards to maintaining open sea lines of communication. Multilateralism may be the United States' most effective — and under-utilized — tool. For example, despite ad hoc successes, there remains no standing body to regulate military cooperation and deconfliction at Djibouti's crowded air and seaports. Such a committee need not include only the U.S. and China; France and other European partners can help share the burden, as can India and Japan — both of which are at least as concerned about China. Critically, it should also include — and elevate — Djibouti as host nation. Such multilateral coordination has already yielded tangible dividends, but sustained commitment has been lacking. U.S. military leaders should not only be supporting such mechanisms, they should be driving them.

More broadly, the COVID-19 pandemic demands collective action to prevent a health and economic catastrophe in the Horn of Africa and across the Red Sea region. Washington can and should assert a leading role in rallying international actors and institutions to ramp up health sector capabilities and facilitate emergency aid, finance, and/or debt relief in already hard-hit states. Such an effort is in the United States' interest and could help counter narratives of American withdrawal, but U.S. officials should also be careful not to let a multilateral pandemic response become a wedge issue its geopolitical rivalry with China.

At home, meanwhile, the U.S. Departments of State and Defense are sometimes "weak at the seams," as traditional barriers between regional bureaus and combatant commands do not always reflect the world as it is today. The Red Sea region represents one such challenge, where changing political, economic, and security realities are informing development patterns in Africa, geoeconomics in the Red Sea and western Indian Ocean, and strategic calculations across the wider Indo-Pacific. If U.S. policymakers are to design a strategy fit for a trans-regional context and a truly "global China," those responsible for Africa, the Middle East, and China must be enabled and incentivized to work creatively across institutional barriers.

China's growing profile in Djibouti and the Red Sea region no doubt warrants new Western vigilance. But it need not elicit alarm. The economic and strategic expansion it foretells presents not only risks to be managed but an opportunity to be seized. Beijing is using this strategically-located platform as a testing ground, and in some respects its learning curve is steep. Rather than resist a rising tide, the United States should look for opportunities to shape the space in which China expands — and thus the contours of overseas relations between the two great powers going forward.

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1 China's annual GDP in 2018 was $13.6 trillion. "China," Data, The World Bank, https://data.worldbank.org/country/china.

2 Concerns about potential "debt trap" diplomacy have surrounded Chinese engagement in Sri Lanka, Pakistan, Angola, Venezuela, and Ecuador, among others. For example, see: Nicholas Casey and Clifford Krauss, "It Doesn't Matter if Ecuador Can Afford This Dam. China Still Gets Paid.," *The New York Times*, December 24, 2018, https://www.nytimes.com/2018/12/24/world/americas/ecuador-china-dam.html. Debt sustainability is discussed further in the "Debt vulnerability" section of this report on page 13.

3 China is the largest trade partner and investor in the Middle East and African continent more broadly. See Payce Madden, "Figure of the week: Foreign direct investment in Africa," The Brookings Institution, October 9, 2019, https://www.brookings.edu/blog/africa-in-focus/2019/10/09/figure-of-the-week-foreign-direct-investment-in-africa/; Camille Lons, Jonathan Fulton, Degang Sun, and Naser Al-Tamimi, "China's Great Game in the Middle East," European Council of Foreign Relations, October 2019, 12, https://www.ecfr.eu/publications/summary/china_great_game_middle_east; Elliot Smith, "The US-China trade rivalry is underway in Africa, and Washington is playing catch-up," CNBC, October 9, 2019, https://www.cnbc.com/2019/10/09/the-us-china-trade-rivalry-is-underway-in-africa.html.

4 For example, see "从吉布提开始　中国民企在非洲试水经济特区" [Starting from Djibouti, Chinese private companies in Africa test the waters on special economic zones], Forum on China-Africa Cooperation, December 19, 2017, https://www.focac.org/chn/zfgx/jmhz/t1520611.htm.

5 Excess production capacity is an unwelcome side effect of the country's sustained high rate of growth. For more on excess capacity and BRI as one remedy, see Peter Cai, "Understanding China's Belt and Road Initiative," (Sydney: Lowy Institute, March 22, 2017), https://www.lowyinstitute.org/publications/understanding-belt-and-road-initiative. The BRI is also believed to serve Xi Jinping's domestic political objectives as well as China's expanding economic and geopolitical interests. For more, see Joel Wuthnow, "China's Belt and Road: One Initiative, Three Strategies," in *Strategic Asia 2019: China's Expanding Strategic Ambitions*, eds. Ashley J. Tellis, Alison Szalwinski, and Michael Wills (Seattle: National Bureau of Asian Research, January 29, 2019), https://www.nbr.org/publication/chinas-belt-and-road-one-initiative-three-strategies/.

6 Technological inroads include the establishment of data transmission systems and undersea fiber optic cables connecting Asia, Europe, and Africa. For example, the 7,500-mile-long Pakistan and East Africa Connecting Europe (PEACE) cable, a project of a Huawei subsidiary, links Pakistan, Egypt, France, Djibouti, Somalia, Kenya, South Africa, and the Seychelles. "PEACE Cable Project Enters into Cable and Material Manufacturing Stage," Huawei Marine, October 22, 2018, http://www.huaweimarine.com/en/News/2018/press-releases/pr20181022.

7 Washington and its Western allies once believed they could liberalize and "enmesh" China in the existing rules-based order. When that hope did not materialize, U.S. attitudes began to change. See, for example, the Obama administration's so-called "pivot to Asia": Barack Obama, "Remarks by President Obama to the Australian Parliament," (speech, Canberra, November 17, 2011), https://obamawhitehouse.archives.gov/the-press-office/2011/11/17/remarks-president-obama-australian-parliament; Hillary Clinton, "America's Pacific Century," *Foreign Policy*, October 11, 2011, https://foreignpolicy.com/2011/10/11/americas-pacific-century/.

8 "National Security Strategy of the United States of America," (Washington, DC: The White House, December 2017), https://www.whitehouse.gov/wp-content/uploads/2017/12/NSS-Final-12-18-2017-0905-2.pdf.

9 The Strategic and Economic Dialogue advanced during the Obama administration, which expanded upon a similar mechanism initiated under President George W. Bush, effectively ceased with the arrival of the Trump administration. For unofficial Track II initiatives, see, for example: "Africa-China-U.S. Trilateral Dialogue: Summary Report," (The Brenthurst Foundation, Chinese Academy of Social Sciences, Council on Foreign Relations, and Leon H. Sullivan Foundation, December 2007), https://www.cfr.org/report/africa-china-us-trilateral-dialogue. See also Yun Sun, "US-China cooperation on African security," The Brookings Institution, November 1, 2016, https://www.brookings.edu/blog/africa-in-focus/2016/11/01/us-china-cooperation-on-african-security/.

10 Thomas Waldhauser, "U.S.-African Partnerships: Advancing Common Interests," (speech, Washington, DC, September 19, 2017), https://www.usip.org/publications/2017/09/us-signals-africa-policy-shifts. Indeed some cooperation did take place in the preceding years, including joint anti-piracy exercises in the Gulf of Aden in 2014. Sam LaGrone, "U.S. and China Conduct Anti-Piracy Exercise," USNI News, December 12, 2014, https://news.usni.org/2014/12/12/u-s-china-conduct-anti-piracy-exercise.

11 Thomas Waldhauser, "U.S.-African Partnerships: Advancing Common Interests."

12 Bolton's speech on U.S. policy in Africa included some 14 references to China. John R. Bolton, "Remarks by National Security Advisor Ambassador John R. Bolton on The Trump Administration's New Africa Strategy," (speech, Washington, DC, December 13, 2018), https://www.whitehouse.gov/briefings-statements/remarks-national-security-advisor-ambassador-john-r-bolton-trump-administrations-new-africa-strategy/. Former Secretary of State Rex Tillerson had also hinted, albeit far more modestly, at similar themes during a March 2018 speech at George Mason University, as did the 2017 U.S. National Security Strategy. See Rex W. Tillerson, "U.S.-Africa Relations: A New Framework," (speech, Fairfax, VA, March 6, 2018), https://www.state.gov/u-s-africa-relations-a-new-framework/; "National Security Strategy of the United States of America," (The White House, December 2017).

13 Stephen Townsend, "2020 Posture Statement to Congress," (Congressional testimony, January 30, 2020 and March 10, 2020), https://www.africom.mil/about-the-command/2020-posture-statement-to-congress.

14 The BUILD Act (2018) was also intended to re-organize and increase the flexibility of U.S. development finance efforts, in part as a response to Chinese economic tools in the developing world. For more, see: "BUILD Act: Frequently Asked Questions About the New U.S. International Development Finance Corporation," (Washington, DC: Congressional Research Service, January 15, 2019), https://fas.org/sgp/crs/misc/R45461.pdf.

15 "Africa Attractiveness Report, 2019," (London, EY, October 2019).

16 Trade between China and GCC countries amounted to $162.9 billion; Horn countries $8.3 billion; Egypt $13.9 billion; and Yemen $2.6 billion. Trade volume data from "China exports, imports and trade balance By Country 2018," World Integrated Trade Solution (WITS), https://wits.worldbank.org/CountryProfile/en/Country/CHN/Year/2018/TradeFlow/EXPIMP/Partner/by-country. Though the boundaries of the emergent "Red Sea region" are not formally defined, the region is defined in this report as including: Bahrain, Djibouti, Egypt, Eritrea, Ethiopia, Kuwait, Oman, Qatar, Saudi Arabia, Somalia, Sudan, the United Arab Emirates, and Yemen, Trade and other metrics cited in this report do not include Iran.

17 For more analysis on Red Sea geopolitics, see the following three pieces by the author: Zach Vertin, "Red Sea Rivalries: The Gulf States Are Playing a Dangerous Game in the Horn of Africa," *Foreign Affairs*, January 15, 2019, https://www.foreignaffairs.com/articles/east-africa/2019-01-15/red-sea-rivalries; Zach Vertin, "Toward a Red Sea forum: The Gulf, the Horn of Africa, and architecture for a new regional order," (Doha: Brookings Doha Center, November 2019), https://www.brookings.edu/research/toward-a-red-sea-forum-the-gulf-the-horn-of-africa-and-architecture-for-a-new-regional-order/; Zach Vertin, "Red Sea Competition: Six Plotlines to Watch," Lawfare, December 15, 2019, https://www.lawfareblog.com/red-sea-geopolitics-six-plotlines-watch.

18 The rivalries include (1) the rift among Gulf states, which began with the 2017 blockade of Qatar, and pit Saudi Arabia, the UAE, Egypt, and Bahrain against Qatar and, by extension, Turkey; and (2) the battle for regional supremacy between Sunni Arab states and Iran. Red Sea dynamics are also shaped indirectly by other long-standing competition, such as that between Egypt and Ethiopia over the Nile waters and Grand Ethiopian Renaissance Dam.

19 Zach Vertin, "Red Sea Rivalries."

20 "Somalia: Further consensus-building needed ahead of 'historic' election," UN News, February 24, 2020, https://news.un.org/en/story/2020/02/1058251.

21 In 2015, Eritrea agreed to allow Emirati and Saudi forces to prosecute the war in Yemen from a revitalized base at Assab, Eritrea; it also held talks with Russia about a military outpost, though that plan has not materialized. The semi-autonomous region of Somaliland inked a deal with the UAE's DP World to develop its Berbera port, and agreed to host Emirati forces there, in 2016, though the basing agreement was later canceled. For more details, see interactive map at Zach Vertin, "Red Sea rivalries: The Gulf, the Horn of Africa & the new geopolitics of the Red Sea," The Brookings Institution, January 2019, https://www.brookings.edu/interactives/red-sea-rivalries/.

22 "Khamenei's Special Military Advisor General Yahya Safavi: If we are attacked, we will respond from the Mediterranean Sea to the Indian Ocean," MEMRI TV, September 21, 2019, https://www.memri.org/tv/khamenei-military-advisory-irgc-commander-safavi-iran-attack-region-turmoil-power-rising.

23 In 2016, after attempting to establish their forces in Djibouti, Saudi and UAE forces erected a military base in Eritrea (and struck a deal for another in Somaliland) from which to launch attacks into Yemen. The coalition also hired irregular African forces and transported them to fight on the front lines in Yemen.

24 Figure for arrivals in Ethiopia through mid-2019; arrivals in Djibouti, Sudan, Somalia through October 2017. "Total Arrivals from Yemen in the Region," United Nations High Commissioner for Refugees (UNHCR), June 30, 2019, https://data2.unhcr.org/en/situations/yemen. The number is likely considerably higher, but UN officials indicate more recent statistics have been difficult to attain and so have not been officially reported. Author email correspondence with UNHCR official, February 2020. Paradoxically, huge numbers of economic migrants from the Horn of Africa continue to travel to Yemen, many transiting in search of opportunity elsewhere in the Gulf. Some 127,000 crossed the Red Sea in 2019 alone. (Figures through November 2019). "IOM Yemen: Monthly Migration Overview," International Organization for Migration, November 2019, https://reliefweb.int/sites/reliefweb.int/files/resources/iom-yemen_monthly_migration_overview_november2019.pdf.

25 Signaling the U.S. military's commitment to defending the "rules-based international order" across the Indo-Pacific, its so-called "Free and Open" strategy begins by calling attention to Beijing's desire to "reorder the region to its advantage by leveraging military modernization, influence operations, and predatory economics." "Indo-Pacific Strategy Report: Preparedness, Partnerships, and Promoting a Networked Region," (Arlington, VA: U.S. Department of Defense, June 2019), https://media.defense.gov/2019/Jul/01/2002152311/-1/-1/1/DEPARTMENT-OF-DEFENSE-INDO-PACIFIC-STRATEGY-REPORT-2019.PDF.

26 "Indo-Pacific Strategy Report," U.S. Department of Defense.

27 Launched during Xi's 2015 state visit to Pakistan, the "China Pakistan Economic Corridor" (CPEC) includes a series of infrastructure projects and trade measures — reportedly totaling over $60 billion — intended to create a "framework for regional connectivity" that will benefit "not only China and Pakistan but... Iran, Afghanistan, India, Central Asian Republic[s], and the region." The route connects the Chinese mainland with deep water ports in Karachi and Gwadar. For more, see "China Pakistan Economic Corridor (CPEC)," http://cpec.gov.pk. Anchored by gas and oil pipelines built between 2013 and 2017, the "China-Myanmar Economic Corridor" was launched

in 2018 and, while smaller and slower to materialize, it likewise includes plans for road and rail links, free trade zones, and the expansion of a deep water port at Kyaukphyu. For more, see Yun Sun, "Slower, smaller, cheaper: the reality of the China-Myanmar Economic Corridor," Frontier Myanmar, September 26, 2019, https://www.frontiermyanmar.net/en/slower-smaller-cheaper-the-reality-of-the-china-myanmar-economic-corridor.

28 Despite the high-profile billing, experts aren't yet convinced of CPEC's economic viability. Author email correspondence with U.S. defense expert, April 2020. See also Nowmay Opalisnki, "Phase-II of the China-Pakistan Economic Corridor: Dim Prospects," Eurasia Review, April 16, 2020, https://www.eurasiareview.com/16042020-phase-ii-of-the-china-pakistan-economic-corridor-dim-prospects-analysis/.

29 Estimates of BRI partner nations vary widely. As of April 2019, Chinese sources cited cooperation agreements with 125 countries. "China releases report on BRI progress," *People's Daily*, April 26, 2019, http://en.people.cn/n3/2019/0426/c90000-9572480.html.

30 "Indo-Pacific Strategy Report," U.S. Department of Defense, 1.

31 Indrani Bagchi, "Raisina Dialogue: Indo-Pacific a global common, says foreign secretary Vijay Gokhale," *The Times of India*, January 17, 2020, https://timesofindia.indiatimes.com/india/raisina-dialogue-indo-pacific-a-global-common-says-foreign-secy-vijay-gokhale/articleshow/73337528.cms. Some voices inside the U.S. national security establishment had earlier pushed, albeit unsuccessfully, to include Africa's Indian Ocean coast in the 2019 Indo-Pacific strategy. Author interviews with U.S. Defense Department and State Department officials, Washington, DC, January and March 2020.

32 Helene Cooper, Thomas Gibbons-Neff, Charlie Savage, and Eric Schmitt, "Pentagon Eyes Africa Drawdown as First Step in Global Troop Shift," *The New York Times*, December 24, 2019, https://www.nytimes.com/2019/12/24/world/africa/esper-troops-africa-china.html.

33 Though Lemonnier is considered the only permanent U.S. base on the continent, AFRICOM maintains eleven cooperative security locations (CSLs) and sixteen contingency locations (CLs), though details of these sites are often classified. See unclassified briefing by AFRICOM's deputy to the dommander for military operations: Jim Vechery, "AFRICOM: 10+ Years of Working with Partners in Africa," United States Africa Command, May 13, 2019, https://capstone.ndu.edu/Portals/83/AFRICOM-DCOM.pdf.

34 UAV operations were mostly moved to Chabelley airfield, outside of the city, in 2013 following a series of crashes.

35 The pact, which authorized the basing of Chinese troops in Djibouti, was signed in February 2014 by Chinese Defense Minister Chang Wanquan and his Djiboutian counterpart. However, while enhanced cooperation was publicly announced, no details regarding a Chinese base in Djibouti were made public. "Djibouti wants to reinforce military cooperation with China," Ministry of National Defense of the People's Republic of China, February 27, 2014, http://eng.mod.gov.cn/DefenseNews/2014-02/27/content_4493184.htm.

36 The agreement is for 25 years, and the initial lease runs for 10 years. James Jeffrey, "China is building its first overseas military base in Djibouti — right next to a key US one," PRI, May 3, 2016, https://www.pri.org/stories/2016-05-03/china-building-its-first-overseas-military-base-djibouti-right-next-key-us-one.

37 Initial reports of a Chinese facility suggested a desire to base at Obock, in the north of the country. Obock is even closer to the Bab al-Mandab strait than Djibouti city, and could have offered the PLA Navy exclusive operating space, room for a military-grade airfield, and other potential strategic advantages. For more, see Andrew Erickson, "Beijing Offers Most Comprehensive Statement to Date on New PLA Navy Logistical Facilities in Djibouti," Andrew Erickson: China analysis from original sources, January 22, 2016, http://www.andrewerickson.com/2016/01/beijing-offers-most-comprehensive-statement-to-date-on-new-pla-navy-logistical-facilities-in-djibouti/.

38 Recent satellite imagery suggests additional new construction has been underway at the PLA Navy base in 2020, including an extension to the existing dock and a possible second quay (to be confirmed), which could enhance capacity at the base. H.I. Sutton, "Satellite Images Show That Chinese Navy Is Expanding Overseas Base," *Forbes*, May 10, 2020, https://www.forbes.com/sites/hisutton/2020/05/10/satellite-images-show-chinese-navy-is-expanding-overseas-base/#29d2d28a6869.

39 Precise estimates of troop numbers are difficult to obtain. This estimate is derived from author interviews with U.S. and Western intelligence, defense, and diplomatic sources, Washington, DC, January and March 2020.

40 Figures are approximate, and the total package since — including various forms of aid — totals just over $70 million. The deal was finalized during a May 2014 White House meeting between Presidents Guelleh and Obama. Eric Schmitt, "U.S. Signs New Lease to Keep Strategic Military Installation in the Horn of Africa," *The New York Times*, May 5, 2014, https://www.nytimes.com/2014/05/06/world/africa/us-signs-new-lease-to-keep-strategic-military-installation-in-the-horn-of-africa.html.

41 Author telephone interview with former senior U.S. diplomat, March 2020.

42 Author interviews with current and former U.S. diplomats and national security officials, Washington, DC, March 2020.

43 Author interviews with former U.S. diplomats and national security officials, Washington, DC, January and March 2020.

44 Zack Cooper, "Security Implications of China's Military Presence in the Indian Ocean," (Washington, DC: Center for Strategic and International Studies, March 2018), https://www.csis.org/analysis/security-implications-chinas-military-presence-indian-ocean.

45 Leah Dreyfuss and Mara Karlin, "All that Xi wants: China attempts to ace bases overseas," (Washington, DC: The Brookings Institution, September 2019), https://www.brookings.edu/research/all-that-xi-wants-china-attempts-to-ace-bases-overseas/.

46 This shift is credited to Chen Zhou, a preeminent military strategist and author of China's defense white papers. Michael Metcalf, "Imperialism with Chinese Characteristics? Reading and Re-Reading China's 2006 Defense White Paper," (Washington, DC: National Intelligence University, September 2011), https://ni-u.edu/ni_press/pdf/Imperialism_with_Chinese_Characteristics.pdf.

47 U.N. Security Council Resolution 1816 (2008) authorized states to "use 'all necessary means' to repress acts of piracy and armed robbery at sea" for a period of six months. U.N. Security Council, Resolution 1816, S/RES/1816, para. 7(b), (June 2, 2008), https://undocs.org/S/RES/1816(2008).

48 "Missions completed, 32nd Chinese naval escort taskforce returns home," China Military Online, November 1, 2019, http://eng.chinamil.com.cn/view/2019-11/01/content_9666626.htm.

49 Joshua T. White, "China's Indian Ocean ambitions: Investment, influence, and military advantage," (Washington, DC: The Brookings Institution, June 2020), 5, https://www.brookings.edu/research/chinas-indian-ocean-ambitions/.

50 "China's Military Strategy," (Beijing: The State Council, The People's Republic of China, May 2015), http://english.www.gov.cn/archive/white_paper/2015/05/27/content_281475115610833.htm. The steady expansion of blue water ambitions culminates in Beijing's most recent (July 2019) defense white paper, which identifies "far seas protection" as a strategic requirement. "China's National Defense in the New Era," (Beijing: The State Council, The People's Republic of China, July 24, 2019), http://english.www.gov.cn/archive/whitepaper/201907/24/content_WS5d3941ddc6d08408f502283d.html.

51 As of mid-2019, China maintained roughly 2,500 peacekeepers across seven UN peacekeeping missions in Africa and the Middle East; more than 1,000 of which serve in the United Nations Mission in South Sudan (UNMISS). "China," United Nations Peacekeeping, https://peacekeeping.un.org/en/china.

52 "PLA establishes base in Horn of Africa," *China Daily*, July 12, 2017, http://eng.chinamil.com.cn/view/2017-07/12/content_7672754.htm. The safe evacuation of Chinese nationals became a major domestic political issue in 2011, when the Chinese government conducted a mass evacuation of some 36,000 Chinese nationals from riot-torn Libya, and again in 2014 when it evacuated another 900 Chinese workers. Beijing also evacuated its citizens from South Sudan in 2013 and 2016, and from Yemen (to Djibouti) in 2015. Following intense domestic criticism around the 2011 evacuation, the 2015 Yemen evacuation was widely lauded and later featured as the plot of a Chinese blockbuster action film released in 2018, "Operation Red Sea."

53 For example, see Joel Wuthnow, "The PLA Beyond Asia: China's Growing Military Presence in the Red Sea Region," (Washington, DC: National Defense University, January 2020), 7, https://www.ndu.edu/Portals/68/Documents/stratforum/SF-303.pdf.

54 Author interviews with U.S. defense officials, Washington, DC, July 2019 and January 2020.

55 The CNS Xining, type 052D destroyer, was dispatched as part of the 33rd deployment of China's naval escort task force. Zhao Lei, "Navy sends its most capable combat ship on escort mission," *China Daily*, September 10, 2019, https://www.chinadaily.com.cn/a/201909/10/WS5d76fe60a310cf3e3556aad1.html. Submarines and other naval assets have also been previously deployed as part of anti-piracy patrols. For more on Chinese naval deployments, see David Shinn, "China's Power Projection in the Western Indian Ocean," The Jamestown Foundation, April 20, 2017, https://jamestown.org/program/chinas-power-projection-western-indian-ocean/.

56 Author interview with U.S. defense official, Washington, DC, January 2020.

57 While difficult to confirm, U.S. officials note Chinese overtures made to other African countries, on both the Indian and Atlantic ocean coasts, regarding potential PLA basing. Author interviews with current and former U.S. national security officials, Washington, DC, March 2020.

58 Diplomats and other international observers in Djibouti also report a series of "rookie mistakes" made by the PLA which resulted in some public relations blowback. For example, guards outside the Chinese base reportedly overstepped their authority in setting up roadblocks on the public road that passes by the facility. They stopped passing cars — including those of foreign diplomatic delegations — and interrogated passengers, sometimes demanding photos be deleted or alterative routes be taken. Author interviews with foreign diplomats and observers, Djibouti, April 2019.

59 Erica Downs, Jeffrey Becker, and Patrick deGategno, "China's Military Support Facility in Djibouti: The Economic and Security Dimensions of China's First Overseas Base," (Arlington, VA: CNA, July 2017), https://www.cna.org/cna_files/pdf/DIM-2017-U-015308-Final3.pdf.

60 Author interviews with foreign diplomats and military personnel, Djibouti, April 2019. The PLA reportedly sought two kilometers around, and infinite space above, their facility.

61 Author interview with Pentagon official, Washington, DC, June 2019.

62 U.S. officers passed on invitations to military skills competitions, an international basketball tournament, and a Lunar New Year celebration in 2019. Contact between Chinese and American troops is also limited as result of movement restrictions put in place at Camp Lemonnier, well before the PLA's arrival, as result of a 2014 terrorist attack which targeted a popular restaurant in Djibouti city.

63 Author interview with U.S. defense official, Djibouti, April 2019.

64 Idrees Ali, Gao Liangping, and Philip Wen, "China denies U.S. accusation of lasers pointed at planes in Djibouti," Reuters, May 3, 2018, https://www.reuters.com/article/us-usa-china-djibouti/china-denies-u-s-accusation-of-lasers-pointed-at-planes-in-djibouti-idUSKBN1I429M.

65 GDP growth ranged between 5.4 and 8.4% in each year from 2016 to 2019. Prior to the COVID-19 crisis, the World Bank projected 7.5% growth in 2020 (now revised to 1.3%), and 8% in 2022-2025. "Djibouti" in "Macro Poverty Outlook: Middle East and North Africa," (Washington, DC: The World Bank, April 2020), 148-149, http://pubdocs.worldbank.org/en/747731554825511209/mpo-mena.pdf.

66 "IMF Executive Board Concludes 2019 Article IV Consultation with Djibouti," International Monetary Fund, October 23, 2019, https://www.imf.org/en/News/Articles/2019/10/23/pr19383-djibouti-imf-executive-board-concludes-2019-article-iv-consultation.

67 Author interview with Djiboutian entrepreneur, Djibouti, April 2019. The invocation of Singapore is not uncommon among Djiboutian political and business elites, including Guelleh. See Edmund Blair, "China to start work soon on naval base in Djibouti – Guelleh," Reuters, February 2, 2016, https://www.reuters.com/article/uk-djibouti-china/china-to-start-work-soon-on-naval-base-in-djibouti-guelleh-idUKKCN0VB1Z6.

68 The development plan — which fashions Djibouti as the "Red Sea Lighthouse" — aims to cut poverty by one-third, unemployment by 40%, and ensure universal access to energy, water, and basic health services. "Vision Djibouti 2035," Government of the Republic of Djibouti, June 2014. Copy obtained by author.

69 "Chinese engagement in Djibouti's economic transformation in a nutshell," Xinhua, January 10, 2020, http://www.xinhuanet.com/english/2020-01/10/c_138694414.htm.

70 For example, see Baijie An, "China, Djibouti agree on cooperation," *China Daily*, November 24, 2017, https://www.chinadaily.com.cn/china/2017-11/24/content_34922597.htm. Both Guelleh and his predecessor visited China on numerous previous occasions dating back to 1979. China also financed some visible contributions in decades past — including a national conference center (1983), a sports stadium (1991), and foreign ministry building (2001).

71 As a point of contrast, the surprise democratic election of Malaysian Prime Minister Mahathir Mohamad — whose 2018 campaign included pledges to rollback "unfair" Chinese mega-projects — was followed by the suspension and later renegotiation of Chinese infrastructure contracts in 2018. Joseph Sipalan, "China, Malaysia restart massive 'Belt and Road' project after hiccups," Reuters, July 25, 2019, https://www.reuters.com/article/us-china-silkroad-malaysia/china-malaysia-restart-massive-belt-and-road-project-after-hiccups-idUSKCN1UK0DG. While presidential succession has long been debated in Djibouti, Guelleh has so far signaled that he will stand again in 2021 elections, which he is very likely to win, thus ensuring another term of continuity in Djibouti-China relations.

72 François Soudan, "Ismaïl Omar Guelleh : « Personne d'autre que les Chinois n'offre un partenariat à long terme à Djibouti »" [Ismaïl Omar Guelleh: 'No one other than the Chinese offers a long-term partnership in Djibouti'], *Jeune Afrique*, April 4, 2017, https://www.jeuneafrique.com/mag/421096/politique/ismail-omar-guelleh-personne-dautre-chinois-noffre-partenariat-a-long-terme-a-djibouti/.

73 The stake cost China Merchants $185 million. "China Merchants Buys Into Africa's Port of Djibouti," JOC, January 2, 2013, https://www.joc.com/port-news/international-ports/china-merchants-buys-africas-port-djibouti_20130102.html. For more detail, see "Debt vulnerability" on page 13.

74 All figures are approximations. Doraleh Multipurpose Port: "Djibouti's Doraleh Port officially opens," Xinhua, May 24, 2017, http://www.xinhuanet.com/english/2017-05/24/c_136312120.htm and Michael Angell, "Port Report: China Merchants rejiggers debt for Djibouti free-trade zone after Doraleh Container Terminal seized," American Shipper, April 30, 2019, https://www.freightwaves.com/news/maritime/port-report-china-merchants-ports-djibouti; railway: "China banks loan 3.3 billion USD for Addis Ababa-Djibouti Railway Project," AIDDATA, https://china.aiddata.org/projects/30171 and "Ethiopia-Djibouti Railway Line Modernisation," Railway Technology, https://www.railway-technology.com/projects/ethiopia-djibouti-railway-line-modernisation/; water pipeline: "China funds cross-border water project in Djibouti, Ethiopia," AIDDATA, https://china.aiddata.org/projects/30888 and "Chinese funded Ethio-Djibouti water project to be inaugurated soon," Xinhua, June 27, 2017, http://www.xinhuanet.com//english/2017-06/27/c_136398856.htm. Author telephone interviews and email correspondence with World Bank Officials, March 2020.

75 Port authorities say the designed capacity is more than seven million tons of cargo and 200,000 containers annually.

76 For more on the Doraleh Container Terminal, see "A trap?" on page 73.

77 In addition to the high-profile Chinese rail project, Ethiopia also sought external financing — via Credit Suisse and the Export Credit Bank of Turkey — to construct a second rail line from Awash to Weldiya. The two projects — one politically backed and the other more traditionally commercial — have highlighted differences in terms of financing, technical standards, and working relationships with Ethiopian rail authorities, including the opportunity for skills and technology transfer. See Chen Yunnan, "Railpolitik: the strengths and pitfalls of Chinese financed African Railways," Panda Paw Dragon Claw, March 16, 2020, https://pandapawdragonclaw.blog/2020/03/16/railpolitik-the-strengths-and-pitfalls-of-chinese-financed-african-railways/.

78 Many have cast doubts on the viability of such a trans-continental rail, at least in the near term, given the scale of such an undertaking and the unstable regions such a line would need to traverse. Moreover, Chinese rail ambitions and eagerness to finance rail infrastructure appear to have waned since the initiation of both the Ethiopia-Djibouti project and a similar standard gauge rail project in neighboring Kenya. For more on doubts, see John Aglionby, "Djibouti-Ethiopia railway carriers hope for pan-African trade," *Financial Times*, January 16, 2017, https://www.ft.com/content/42d7af2e-d95a-11e6-944b-e7eb37a6aa8e.

79 Dawei Ke, "Africa's Djibouti Launches $3.5 Billion China-Backed Trade Zone," Caixin Global, July 9, 2018, https://www.caixinglobal.com/2018-07-09/africas-djibouti-launches-35-billion-china-backed-trade-zone-101297417.html. The FTZ partners claim the project may create as many as 350,000 jobs; the proportion of foreign workers is to be capped at 70% for the first five years and reduced to 30% thereafter.

80 Author interviews with Djibouti International Free Trade Zone officials and author site visit, Djibouti, April 2019.

81 The proposal for a $650 million "Djibouti International Container Terminal" includes capacity to handle 2.5 million containers — more than double the annual throughput of the existing Doraleh Container Terminal. Djibouti Ports and Free Zones Authority presentation, obtained by author.

82 Turloch Mooney, "China Merchants to revamp old port of Djibouti," JOC, July 17, 2018, https://www.joc.com/port-news/terminal-operators/china-merchants-revamp-old-port-djibouti_20180717.html.

83 "Djibouti Damerjog Industries Development," DPFZA promotional video and presentation, obtained by author.

84 Construction of the pipeline and LNG terminal is to be undertaken by state-owned China Poly Group Corporation and the Golden Concord Group. "Ethiopian parliament approves accord with Djibouti to build natural gas pipeline: report," December 26, 2019, Xinhua, http://www.xinhuanet.com/english/2019-12/26/c_138657550.htm.

Damerjog, like other coastal developments in the region, has been subject to shifting geopolitical sands and a larger contest among external actors to control port, energy, and infrastructure developments astride the Red Sea region. In 2018, UAE officials lobbied their Ethiopian counterparts to send the newfound Ogaden reserves via pipeline not to Djibouti, but to a revitalized Red Sea port in neighboring Eritrea. Abu Dhabi hoped the move would not only cement nascent rapprochement between Ethiopia and Eritrea, but help DP World — which had been ejected from Djibouti in 2018 — to revive Eritrea's defunct port as an alternative to Djibouti. The Damerjog project appears, for now, to have prevailed.

85 David Styan, "China's Maritime Silk Road and Small States: Lessons from the Case of Djibouti," *Journal of Contemporary China* 29, no. 122 (July 2019): 191-206, https://doi.org/10.1080/10670564.2019.1637567.

86 Author interviews with service sector worker, Djibouti, April 2019.

87 $3,190 in 2018. See "Djibouti", Data, The World Bank, https://data.worldbank.org/country/djibouti.

88 "Djibouti," World Inequality Database, https://wid.world/country/djibouti/.

89 "Inequalities in Human Development in the 21st Century: Briefing note for countries on the 2019 Human Development Report — Djibouti," United Nations Development Programme, 2, http://hdr.undp.org/sites/all/themes/hdr_theme/country-notes/DJI.pdf.

90 For those who have access to electricity, it consumes as much as a third of monthly household expenditure. According to one source, electricity is purchased from Ethiopia for as little as six cents per kilowatt hour, and sold in the domestic market for more than 50 cents. Author interview with ambassador from Western country, Djibouti, April 2019.

91 Ibid.

92 Government monopolies are the subject of considerable criticism; one foreign diplomat claimed that as much as a third of all employees in the telecommunications and electricity utility are "ghosts" — individuals who either do not exist, or who draw a salary but do not show up to work. Author interviews with diplomats, Djibouti, April 2019.

93 French officials cite Colas, a French construction giant which closed down its operation in 2018 after nearly four decades in Djibouti, as one such example. Author interview with French Embassy official, Djibouti, April 2019.

94 Author interview with senior Djiboutian diplomat, Djibouti, April 2019.

95 Ibid.

96 By comparison, similarly stable countries in the region have a far lower debt-to-GDP ratio: 28.5% for Ethiopia, 34% for Kenya, 17.7% for Egypt, and 28.3% for Saudi Arabia. Numbers reflect most recently available actual and projected IMF external public and publicly guaranteed debt ratios. See "The Federal Democratic Republic of Ethiopia 2019 Article IV Consultation Press Release and Staff Report," (Washington, DC: International Monetary Fund, January 28, 2020), 92, https://www.imf.org/en/Publications/CR/Issues/2020/01/28/The-Federal-Democratic-Republic-of-Ethiopia-2019-Article-IV-Consultation-and-Requests-for-48987; "Kenya 2018 Article IV Consultation Press Release, Staff Report, and Statement by the Executive Director for Kenya," (Washington, DC: International Monetary Fund, October 23, 2018), 78, https://www.imf.org/en/Publications/CR/Issues/2018/10/23/Kenya-Staff-Report-for-the-2018-Article-IV-Consultation-and-Establishment-of-Performance-46301; "Arab Republic of Egypt 2017 Article IV Consultation Press Release, Staff Report, and Statement by the Executive Director for the Arab Republic of Egypt," (Washington, DC: International Monetary Fund, January 22, 2018), 37, https://www.imf.org/en/Publications/CR/Issues/2018/01/22/Arab-Republic-of-Egypt-2017-Article-IV-Consultation-Second-

Review-Under-the-Extended-45568; "Saudi Arabia 2019 Article IV Consultation Press Release and Staff Report," (Washington, DC: International Monetary Fund, September 9, 2019), 5, https://www.imf.org/en/Publications/CR/Issues/2019/09/09/Saudi-Arabia-2019-Article-IV-Consultation-Press-Release-and-Staff-Report-48659. World Bank officials suggest Djibouti would ideally bring its ratio down 40-50% in the coming years. Author telephone interview with World Bank official, March 2020.

97 This figure reflects public and publicly guaranteed debt, a measure often used to quantify a country's external debt. "IMF Executive Board Concludes 2019 Article IV Consultation with Djibouti," International Monetary Fund, October 23, 2019, https://www.imf.org/en/News/Articles/2019/10/23/pr19383-djibouti-imf-executive-board-concludes-2019-article-iv-consultation.

98 Author interviews with Western diplomats, Djibouti, April 2019; author telephone interview with World Bank official, March 2020. For more, see "Djibouti: 2019 Article IV Consultation-Press Release; Staff Report; and Statement by the Executive Director for Djibouti," International Monetary Fund, October 23, 2019, https://www.imf.org/en/Publications/CR/Issues/2019/10/23/Djibouti-2019-Article-IV-Consultation-Press-Release-Staff-Report-and-Statement-by-the-48743.

99 Author telephone interviews with foreign diplomats and international observers, March 2020.

100 While the train can reduce the trip from Addis Ababa to Djibouti from three days to 12 hours, as of March 2020 it continued to run two or three times daily instead of the envisioned five times in both directions.

101 Some accounts suggest discussion of loan renegotiation began as early as September 2018. See David Styan, "China's Maritime Silk Road and Small States: Lessons from the Case of Djibouti."

102 Nicholas Norbrook, "Djibouti's debt to China has the US and France worried," The Africa Report, April 8, 2019, https://www.theafricareport.com/11551/djiboutis-debt-to-china-has-the-us-and-france-worried/.

103 Ethiopia will ultimately look to diversify its port access, an eventuality that will finally force Djibouti to compete. But Djiboutian officials argue that increased volume from new ports infrastructure, together with Ethiopia's economic expansion, will far outweigh any loss of business.

104 Ethiopia's ruling coalition — the Ethiopian People's Revolutionary Democratic Front (EPRDF) — long maintained ties both to the United States (partnering in foreign policy, security, and counterterrorism) and China (partnering in trade and economic development, and sharing some ideological commonalities).

105 For more on political and economic transition in Ethiopia, see Witney Schneidman "Ethiopia: Africa's next powerhouse," The Brookings Institution, March 26, 2019, https://www.brookings.edu/blog/africa-in-focus/2019/03/26/ethiopia-africas-next-powerhouse/.

106 In addition to underdevelopment at the container terminal, authorities complained that DP World was also undercutting Djibouti by simultaneously developing competing ports elsewhere in the Red Sea. Author interviews with Djiboutian diplomats and port operators, Djibouti, April 2019.

107 The principal architect of the DCT concession was former Djiboutian Ports Authority chief Abourahman Boreh, a one-time Guelleh ally, who was later accused of accepting bribes from DP World in exchange for favorable terms. The feud carried political undertones, as Boreh reportedly objected to Guelleh's efforts to remain in power for another term. Though international charges against Boreh were dismissed, he remains in exile. Daniel Finnan, "Djibouti businessman Abourahman Boreh cleared of corruption charges by London court," RFI, March 2, 2016, http://www.rfi.fr/en/africa/20160302-djibouti-businessman-abourahman-boreh-cleared-corruption-charges-london-court.

108 "Djibouti seizes control of Dubai-run Doraleh port," Al Jazeera, February 23, 2018, https://www.aljazeera.com/news/2018/02/djibouti-seizes-control-dubai-run-dolareh-port-180223200900708.html.

109 The 2013 sale granted 23.5% of the DPFZA's 66% stake in DCT to China Merchants Port Holdings — a subsidiary of China Merchants, one of the country's largest state-owned firms. The remaining 33% share of DCT was owned by DP World.

110 "Djibouti row: DP World sues China Merchants," *Khaleej Times*, November 6, 2018, https://www.khaleejtimes.com/business/local/djibouti-row-dp-world-sues-china-merchants.

111 Kai Shultz, "Sri Lanka, Struggling With Debt, Hands a Major Port to China," *The New York Times*, December 12, 2017, https://www.nytimes.com/2017/12/12/world/asia/sri-lanka-china-port.html. For more, see Deborah Brautigam, "A critical look at Chinese 'debt trap diplomacy': the rise of a meme," *Area Development and Policy* 5, no. 1 (December 6, 2019): 1-14, https://doi.org/10.1080/23792949.2019.1689828.

112 The congressman noted concern over reports that Djibouti planned to "gift" the port to Beijing. Bradley Byrne, Letter to Secretary of Defense James Mattis, March 5, 2018, https://byrne.house.gov/sites/byrne.house.gov/files/Byrne%20Djibouti%20Letter.pdf.

113 Thomas D. Waldhauser, "Transcript: Gen. Thomas D. Waldhauser at HASC Hearing on National Security Challenges and U.S. Military Activities in Africa," (Congressional testimony, March 6, 2018), https://www.africom.mil/media-room/transcript/30469/gen-thomas-d-waldhauser-at-hasc-hearing-on-national-security-challenges-and-u-s-military-activitie.

114 Christopher A. Coons and Marco Rubio, Letter to Secretary of State Mike Pompeo and Secretary of Defense James Mattis, November 7, 2018, https://www.coons.senate.gov/imo/media/doc/Djibouti%20Ltr%20Signed%2011%207%2018.pdf.

115 John R. Bolton, "Remarks by National Security Advisor Ambassador John R. Bolton on The Trump Administration's New Africa Strategy." Negative attention followed again in December 2019 following publication of a *Washington Post* feature: Max Bearak, "In strategic Djibouti, a microcosm of China's growing foothold in Africa," *The Washington Post*, December 30, 2019, https://www.washingtonpost.com/world/africa/in-strategic-djibouti-a-microcosm-of-chinas-growing-foothold-in-africa/2019/12/29/a6e664ea-beab-11e9-a8b0-7ed8a0d5dc5d_story.html.

116 Joshua T. White, "China's Indian Ocean ambitions," 9.

117 For example, see Zack Cooper, "Security Implications of China's Military Presence in the Indian Ocean," 1.

118 In April 2019, DCT operators and DPFZA officials reported that just three Chinese officials work at DCT, all of whom work in the finance department. Author interviews with DCT operators and DPFZA officials and site visit, Djibouti, April 2019.

119 Thomas Waldhauser and Craig Faller, "Transcript: Gen. Thomas Waldhauser and Adm. Craig Faller Remarks at Senate Armed Services Committee Hearing on AFRICOM and SOUTHCOM," (Congressional testimony, February 8, 2019), https://www.africom.mil/media-room/transcript/31504/transcript-gen-thomas-waldhauser-and-adm-craig-faller-remarks-at-senate-armed-services-committee.

120 Chinese holdings in Europe include, e.g. Greece (100% of Piraeus Container Terminal), Belgium (85% of CSP Zeebrugge Terminals NV), Spain (51% of Noatum Container Terminal in Valencia), and Italy (40% of Vado Reefer Terminal in Vado Ligure). Joanna Kakissis, "Chinese Firms Now Hold Stakes In Over A Dozen European Ports" NPR, October 9, 2018, https://www.npr.org/2018/10/09/642587456/chinese-firms-now-hold-stakes-in-over-a-dozen-european-ports.

121 For example, Deborah Brautigam, "A critical look at Chinese 'debt trap diplomacy.'"

122 "China cancels Ethiopia's interest-free loans, PM in Beijing for forum," Africanews, April 25, 2019, https://www.africanews.com/2019/04/25/china-forgives-ethiopia-s-interest-free-loans-pm-in-beijing-for-forum/.

123 See, for example, Joshua T. White, "China's Indian Ocean ambitions."

124 Some also maintain that Chinese loans are so attractive to developing states that they may outweigh the risk of surrendering a port or other strategic asset. Author interviews with China experts, Washington, DC, January 2020.

125 "China's economy just shrank for the first time in decades. It could still eke out growth this year," CNN, April 17, 2020. https://www.cnn.com/2020/04/16/economy/china-economy-gdp/index.html.

126 "Djibouti's Economic Update," World Bank, April 16, 2020. https://www.worldbank.org/en/country/djibouti/publication/economic-update-april-2020?cid=mena_fb_mena_en_ex.

127 Joe Parkinson, James T. Areddy, and Nicholas Bariyo, "As Africa Groans Under Debt, It Casts Wary Eye at China," *The Wall Street Journal*, April 17, 2020, https://www.wsj.com/articles/as-africa-groans-under-debt-it-casts-wary-eye-at-china-11587115804.

128 Jenny Marsh, "Beijing faces a diplomatic crisis after reports of mistreatment of Africans in China causes outrage," CNN, April 13, 2020, https://www.cnn.com/2020/04/13/asia/china-guangzhou-african-blacklash-hnk-intl/index.html.

129 The "expeditionary" nature of the base is also the subject of some criticism from inside U.S. institutions, for whom short-term deployments, outsourced command authorities, and a scarcity of high-level visitors send the wrong signals. Author interviews and telephone interviews with U.S. defense officials and diplomats, Djibouti, April 2019, and Washington, March 2020.

130 For Fiscal Year 2020, the U.S. allocated $895,000 for International Military Education and Training (IMET), and $5 million in Foreign Military Financing. It also also dedicated approximately $13 million for a Rapid Intervention Brigade train and equip program and $12 million for maritime security. Author email correspondence, U.S. government officials, May 2020.

131 Joel Wuthnow, "China's Belt and Road."

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