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Styan, David (2020) China's Maritime Silk Road: The Horn of Africa and Red Sea. In: Fulton, J. (ed.) Regions in the Belt and Road Initiative. Rethinking Asia and International Relations. London, UK and New York, U.S.: Routledge, pp. 75-96. ISBN 9780367194321.

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*Version for BirOn (06.07.20), from 30.10.19 Final Edit*

Styan D. “China’s Maritime Silk Road: The Horn of Africa and Red Sea”, Chapter 5 in:

Fulton, J. (ed.) *Regions in the Belt and road Initiative*, Routledge 2020, ISBN: 978-0-367-19432-1 (hbk) , pp 75-96.

## **China’s Maritime Silk Road: The Horn of Africa and Red Sea**

**David Styan**

### **Introduction**

Addis Ababa, Ethiopia’s highland capital city, sits 3000 metres above sea level and provides a unique vantage point from which to readily see the physical impact of China’s Maritime Silk Road Initiative (MSRI) infrastructure in the Horn of Africa. It is also home to the headquarters of the African Union; as such Addis is the diplomatic and political capital of the African continent, as well as the de-facto regional hub for the states of the Horn of Africa.<sup>1</sup> It is China’s ties with these states, most of which long pre-date Chinese foreign policy initiatives under President Xi Jinping, which are the subject of this chapter. It focuses primarily on the BRI’s considerable impact on Ethiopia and Djibouti, while briefly considering China’s impact on the neighboring states of Somalia (and its autonomous northern province, Somaliland), Eritrea, and both north and south Sudan. China’s investment in Sudan and its oil industry goes back quarter of a century, predating both the Belt and Road Initiative (BRI) and the secession of Southern Sudan in 2011. As such, Sino-Sudanese relations stand largely apart from more recent MSRI investments in the Horn.

The topography of the Rift Valley, coupled with a little imagination, allows one to visualize what the Maritime Silk Road actually looks like in this specific region. Like everywhere else, Ethiopia’s booming indigenous film and music industry now routinely uses drones for aerial shots. Were they to launch a Chinese drone camera from the 48<sup>th</sup> floor of the almost completed tower being built by the China State Construction Engineering Corporation (CSCEC) for the Commercial Bank of Ethiopia, the reader would get a bird’s eye view of a forest of new skyscrapers. Sprouting near the derelict old railway station, many are built by Chinese contractors. Zoom higher out and Chinese infrastructure is everywhere visible. By

2015 the city had already spilled beyond the irregular loops of Addis Ababa's ring road. At over 40 km long, this **has been** completed in stages since 1998, primarily by the China Road and Bridge Corporation. More spectacularly, since 2015 a Chinese-designed and managed Urban Light Railway has bisected the old neighbourhoods of rusty corrugated rooves. To the northwest sits the silver spaceship of the African Union headquarters, a gift from Beijing in 2012. Its rounded contours are now rivalled by a colossal new national stadium complex to the East, just one of several other major CSCEC building sites in Ethiopia.

Our drone would soon spot Addis's most explicit physical link to the Maritime Silk Road; the new electric railway snaking out of Addis' southern suburbs. Here the Ethio-Djibouti railway, the backbone of China's new presence in the Horn, begins its 750 km journey southeastwards. En-route it passes several new industrial zones, home to a growing number of Chinese and other Asian manufacturers. It then descends from the highlands through **scrubland** now punctuated with central-Asian style stations, to the ports of Djibouti on the Red Sea coast. These sit on the key shipping routes linking Europe to Asia, more **specifically** the Chinese ports of Shenzhen, Shanghai and Dalian beyond. In the Horn, these shipping lanes converge on the Bab al-Mandab straits. Barely 30 km wide, the straits squeeze between the Yemeni, Eritrean and Djiboutian coasts at the foot of the Red Sea. Just south of the Bab al-Mandab, across the Gulf of Tadjourah lies Djibouti's eponymous capital city and port-complex. Part-owned by the Shenzhen-based China Merchants Group, the ports are not only the terminus for the Addis railway, but now also host the first ever overseas base of China's People's Liberation Army Navy (PLAN), which has been active alongside other maritime powers in anti-piracy activities in these waters for a decade.

In barely five years, Djibouti has become the fulcrum of a range of MSRI projects, comprising the physical infrastructure of rail, fibre-optic cables and telecoms links, ports and free trade zones. As such Djibouti almost perfectly incarnates the second core coordination priorities of the 2013 *Visions and Actions* document regarding connectivity.<sup>2</sup> Although in 2018 still at a relatively embryonic stage, MSRI investments in Djibouti also involve the first tangible presence in Africa of 'soft' infrastructure of banking and data management, including a putative system to facilitate global ports' payments transfers.

This chapter highlights a paradox; one the one hand, in addition to the overwhelming economic dimension of the MSRI, China's has an extensive diplomatic and military presence in the countries of the Horn itself, including its inaugural overseas military installation in

Djibouti. Yet the evidence suggests that China has *not*, at least to date, had a significant impact on the Horn's putative Regional Security Complex (RSC). This is characterized by both complex inter-regional inter-state and state-rebel rivalries and wars, as well as substantive United States' and multilateral military presences.<sup>3</sup> To date Beijing's MSR presence in, and impact on, the states of the Horn of Africa themselves, is above all economic. However, as the chapter explains, at sea - i.e. in the actual *maritime* context of the MSRI - this is nuanced somewhat by the manner in which China's anti-piracy role off Somalia has been used by the People's Liberation Army Navy (PLAN) as an anchor for their expansion, both in the Indian Ocean and globally.<sup>4</sup>

The chapter is structured in three sections. Following some historical context *on* China's ties with the region, a first substantive section opens by examining the physical infrastructure projects which, de-facto, constitute the MSRI in the region. It analyses select aspects of the domestic political and economic impetuses and reception of BRI cooperation, highlighting that there are two specific factors shaping the MSRI in The Horn. The first is Ethiopia's status as a fast-growing developmental state which is explicitly positioning itself globally as a manufacturing hub using Asian templates, infrastructure and finance. Secondly Djibouti's own, pre-existing developmental strategies dovetailed well with Beijing's priorities for the MSRI. Djibouti has few natural resources and lives primarily from income generated from its ports, benefitting from its military and commercial strategic location at the crossroads between Asia, Africa and Europe. Thus Djibouti's long-term economic aims are to consolidate its role as a gateway for Ethiopia's trade, and to ensure it grows as a regional trade hub, notably for container transshipments.

These domestic priorities chimed well with Chinese ambitions for the MSR; most explicitly those of one of the leading commercial actors in the Initiative, the China Merchants Group (CMG), which seeks in part to replicate its own successes in spearheading economic growth and commercial expansion from its Shekou base near the southern city of Shenzhen, just across the border from Hong Kong. This was China's first Special Economic Zone, established in 1979, and acted as a template for other SEZs in China, which now in turn the MSRI seeks to replicate in Africa and elsewhere.<sup>5</sup>

This section then focuses on two specific policy aspects of BRI which appear particularly pertinent to the Horn. Firstly it examines the nature of Ethiopia's nascent industrial zones, and asks to what degree these are integral to the BRI scheme. After analysing Djibouti's own

policy priorities, it then examines specific economic weaknesses of BRI in the region, in particular the debates around debt sustainability, which in the Djiboutian case has prompted comparison with Sri Lanka's decision to rescind ownership of the Hambantota port to China. The chapter thus evaluates selected political and economic risk considerations for China's BRI in the Horn of Africa; it argues that to date these have been largely economic, linked to the large scale, and poor project management, notably on the railway.

In both cases, an argument can be made that local priorities appear to have coincided with Beijing's prerogatives and desire to reformat key components of African policy within the MSR framework. As such, we should be mindful both of the manner in which African agency moulds Beijing's blueprint to its own ends, and that the MSRI itself is malleable enough to take **different regional and national approaches to specific individual states.**

The second section evaluates the Horn's unique status as, at least to date, as the only Chinese military installation on the MSRI. It examines the evolution of Beijing's naval presence in the Western Indian Ocean. This developed via its participation in multilateral anti-piracy activities. The chapter notes that China's justification for establishing a military facility in Djibouti is very similar to other global (US, EU, Japan) and regional (United Arab Emirates, Turkey) powers, all of whom now have military facilities in the Horn. In the region it is Djibouti which has the most extensive experience of hosting overseas military facilities; as such it was both logistically and politically straightforward for its government to host China's naval base, which nestles within the large Chinese-owned and constructed civilian multi-purpose port discussed in section one. Djibouti's government embraced China's naval base, ignoring US and EU reservations. Notwithstanding this, the chapter argues that China's presence hasn't fundamentally altered the regional balance of power. Nor has it significantly modified the stance of the *de-facto* dominant regional military player in the Horn, Ethiopia.<sup>6</sup>

The third and final section examines local and global powers' responses to the new Chinese commercial and military presence in the region. To what extent do these modify regional security equations? Both the US and European states have extensive policy engagement, both civil and military, in the Horn of Africa. As indicated above, the chapter suggests that the impact in the short-term is limited. China's regional policy priorities, be it regarding anti-piracy, Islamist violence **terrorism** emanating from neighbouring Yemen and Somalia, or peacekeeping in Sudan, stability in Saudi Arabia and other GCC states is closely aligned with western powers. As such there is little evidence that China's interaction with the US and

other powers has really modified BRI priorities. However, this may shift due to Beijing's growing political implication in multilateral affairs in Africa and the Middle East, not least via the Red Sea and **H**orn of Africa.

### **Historical context: China's ties with the Horn of Africa prior to BRI**

China's economic and political ties with the Horn have expanded rapidly over the past decade. Yet to understand the nature and impact of recent BRI investment in the region it is important to stress that Beijing's ties with the Horn of Africa did not start with the BRI, and that the initiative's policy priorities do not encapsulate the totality of China's ties in the region. Ethiopia's dense relations with China pre-date the BRI, yet the ruling party has adopted a "developmental state" set of economic policies partly inspired by China's recent growth strategy, which has a significant effect upon the configuration of key BRI initiatives in the Horn. In contrast, Djibouti's ties with Beijing are more recent and more strategic in nature, so the relationship is profoundly shaped by BRI initiatives.

Ethiopia opened cultural ties with Beijing gradually in the early 1960s, simultaneously shifting diplomatic support behind the PRC in the UN. Addis Ababa formally recognized the Beijing government in 1970, a delay that reflected the PRC's support for the rebel insurgency in Eritrea; aid to the Eritrean liberation fronts stopped after recognition.<sup>7</sup> Despite Ethiopia's Marxist-backed revolution in 1974, Chinese ties remained low-key due to Sino-Soviet tensions and substantive Soviet backing for Ethiopia's revolutionary government.<sup>8</sup>

This Cold War background is one of several reasons why the rebel force that took power in 1991, the Ethiopian Peoples' Revolutionary Democratic Front (EPRDF), forged substantive ties with Beijing. Diplomatic and military exchanges intensified over the subsequent two decades. Prime Minister Meles Zenawi and other key EPRDF ministers regularly visited Beijing, and by 2010 Chinese state-owned enterprises (SOEs) were the leading contractors in upgrading Ethiopian infrastructure. Chinese projects include extensive road building, including the Addis ring-road; a \$70 million first-phase expansion of Addis's Bole airport; an Urban Light Rail network in the capital; several hydro-electric projects; and key contracts for ZTE and Huawei in the rapid expansion of Ethiopia's telecommunications network, which even in 2010 remained one of the least developed in Sub-Saharan Africa. The vast majority of these were funded by China's state-owned Exim Bank. A private consortium of Chinese investors also opened Ethiopia's first industrial zone in Dukem, 30 km south of Addis Ababa. Early in the century, Ethiopian Airlines (EAL), Africa's leading carrier, had also pioneered

direct passenger and cargo flights between Africa and China. By 2019 EAL flew scheduled flights to 14 Chinese cities, with Addis Ababa's Bole airport - now expanded twice by Chinese contractors since 2004 - being Africa's principal aviation hub with China.

The depth of Chinese infrastructure projects in Ethiopia prior to the 2013 announcement of the BRI follows a similar pattern throughout the region. The Ethio-Djiboutian railway, the first stage of which was signed in 2011, is pivotal to China's presence in the region. Initial Chinese investment in Djibouti's port also dates from 2011-12. This is also the case for China's substantive investments in Sudan's oil industry, discussed below. The same is true of China's most substantive symbolic diplomatic investment in the Horn, the African Union (AU) headquarters. Opened in 2012 at a cost of \$200 million, the vast complex was paid for and constructed by China.

In terms of this volume's focus on Regional Security Complexes and the pre-BRI context, it is important to note that China had become a significant supplier of weaponry to Ethiopia, particularly during its border war with Eritrea between 1998 and 2000. However, such arms sales were largely commercial. China also sold arms to Eritrea, as well as other regional governments such as Sudan. It did not seek or obtain privileged military links with Addis Ababa. Thus, at least until 2015, Beijing remained a relatively marginal player in both regional security in the Horn of Africa, and in terms of wider foreign involvement in multilateral peacekeeping in Africa, notably in Somalia (the African Union-led Mission to Somalia [AMISOM]) and Sudan.

In terms of both active diplomacy and multilateral peacekeeping in East Africa, China's most substantive participation has been in Sudan. Yet this too pre-dates the BRI. In 1996 the China National Petroleum Company (CNPC) acquired a dominant stake in Sudan's oil industry, the first such Chinese investment in Africa. Sudan's protracted civil wars, culminating in the independence of Southern Sudan - where the principal oilfields are located - in 2011, was followed in 2013 by internecine strife and the collapse of government in the South. NPC's substantive investments tested China's principle of non-interference in the domestic affairs of other states, as it "engaged in the peace process held in Ethiopia, hosted discreet talks among warring factions in Sudan, shaped UN Security Council action, sent peacekeepers to the UN peacekeeping mission in South Sudan (UNMISS) and joined the August 2015 peace agreement oversight body." <sup>9</sup>

China also included protection of oil workers in the UN peacekeeping mission's mandate in 2014 and deployed its first-ever peacekeeping infantry battalion of 700 troops to South Sudan in January 2015. As China's largest commitment to UN peacekeeping, this is of broader significance. While Beijing's multilateral engagement in Southern Sudan's civil war has diplomatic ramifications for other powers in the Horn, most notably Ethiopia, there are few military repercussions in the wider region from internal Sudanese matters. However, the deployment of Chinese troops to UN missions in Sudan helped provide logistical and political justifications for China's military presence in Djibouti.

China's wider commercial presence has facilitated changes in Ethiopian, Somali and Eritrean policies, and is part of a broader configuration of US, EU and Arab policies in the region. Their geostrategic significance is further boosted by both the ongoing famine and war in Yemen, which has had far greater regional impact than war in southern Sudan. .

### **What constitutes the BRI in the Horn of Africa?**

This section outlines the physical infrastructure projects which constitute the BRI, and more specifically its MSRI, in the region, focusing on the domestic political and economic drivers, as well as local attitudes toward BRI cooperation. Two specific factors are significant. The first is Ethiopia's status as a fast-growing developmental state, positioning itself globally as a manufacturing hub using Asian models, infrastructure and finance. The second is Djibouti's significant role in the MSRI.

### ***The principal BRI infrastructure investments in the Horn***

In the absence of a definitive list of BRI projects or partners there is no clear answer as to which Chinese investments actually constitute the MSRI in the Horn of Africa. However, there are four clear examples of infrastructure projects: the Ethio-Djibouti railway; diverse new ports installations in Djibouti; Chinese-backed manufacturing and export zones in Ethiopia; and finally a series of pipeline and telecommunications projects. The latter link regional states (Ethiopia and Djibouti, but potentially including Somalia, Sudan and Eritrea in the future), both to each other and to the MSRI. On MSRI maps, Djibouti features as a key nodal hub, comparable to the Sri Lankan ports of Colombo and Hambantota or Gwadar in Pakistan, providing access to the Indian Ocean for the China-Pakistan Economic Corridor (CPEC).<sup>10</sup> Djibouti's ports on the Gulf of Aden and Red Sea are key to linking the region to China and Europe.

### ***The Djibouti-Ethiopia rail-link***

The first MSRI component and the physical and financial centerpiece of China's investment in the Horn is the renovated Djibouti-Ethiopia rail-link. Formally inaugurated in 2016, comprehensive commercial services for both cargo and passengers **open fully in 2018, despite considerable teething problems.** The 750 km railway is central to plans for regional economic integration in the Horn. As such, the railway is arguably the most tangible component of the MSRI in East Africa to date. While it should drastically cut costs for all of Ethiopia's foreign trade, its specific role is to provide a maritime outlet for Ethiopia's burgeoning industrial zones—themselves part-planned and financed by China, and, now attracting Chinese companies producing for a global market. With the first contracts signed in 2011 the railway renovation project cost an estimated \$3.5 billion; financed 70 percent by China Exim Bank and 30 percent by the Ethiopian government; 650 km of the track traverses Ethiopia. The final 100 km segment across Djibouti to its ports was built by China Railway Construction Corporation (CRCC) under a separate contract which the Djiboutian government signed in February 2012.

It is difficult to analyze China-Ethiopian ties separately from those with Djibouti. Yet the MSR projects' impact on the two states is very unequal due to their vastly differing sizes. In Ethiopia's case, with its population of just over 100 million and clear economic growth plans, the Addis-Djibouti railway is just one component in an ambitious national infrastructure plan, including several other railways currently under construction. The same Chinese companies who built the Djibouti line also implemented the Addis Ababa Urban Light Railway system, operational since late 2015, one of several large prestige Chinese construction projects in Addis Ababa. These include the 2012 African Union building, several private and state-owned banking headquarters, and a new national sports stadium.

### ***China's presence in Djibouti's ports: Port Authority, Free Zones and Doraleh Ports***

The Shenzhen-based maritime conglomerate China Merchants Group (CMG), acquired a 23.5 per cent equity stake in Djibouti's state-owned port authority in 2012-13. Evidently negotiations over CMG's investment in the Port were well-advanced long before the inauguration of the MSRI. However, CMG has gone on to be a major player in China's maritime expansion and is the lead investor in Djibouti's main MSRI project, the Doraleh Multi-Purpose Port (MPP).<sup>11</sup> This lies just to the west of the capital, beyond the separate

Doraleh Container Terminal, which until early 2018 was managed and part-owned by the Emirati Dubai Ports World (DPW) group.

Doraleh MPP encompasses container, general, and bulk cargo facilities. Work on the \$590 million port began in mid-2013 and it opened in May 2017; the Djiboutian authorities, CMG and Dalian Ports are the principal investors. The 1.2 km quayside provides deep-water moorings that can accommodate up to six of the world's largest cargo ships simultaneously.<sup>12</sup> The new facilities massively increase Djibouti's transshipment trade capacity and introduces an element of competition into the Djibouti-Ethiopian trade corridor.<sup>13</sup>

Contractually the Doraleh MPP is separate from the surrounding Djibouti International Free Trade Zone (DIFTZ). However, Chinese management of the FTZ was announced in January 2016, at the same time as the launch of new regulatory frameworks for Chinese banks and transshipment companies operating in Djibouti.

The first phase of DIFTZ opened in July 2018, adjacent to CMG's new Multi-Purpose Port at Doraleh. Such FTZs are an integral part of the MSRI and in terms of the Horn of Africa are planned to be linked by road and rail to inland logistics centers close to Chinese industrial parks in highland Ethiopia. DIFTZ enhances China's commercial presence in the Red Sea, COSCO and other Chinese companies having invested in **complementary ports, notably Ain Sokhna and Port Said**, closer to Suez, further north in the Red Sea.<sup>14</sup>

### ***Ethiopia's Export Zones***

If and when it is completed, Djibouti's Free Trade Zone is planned to cover 4,800 hectares at a cost \$3.5 billion, in theory the largest free-trade zone in Africa. Its size in part reflects the ambitions of both the Chinese and Ethiopian authorities, whose exports it is primarily designed to handle. The Ethio-Djibouti railway and the associated ports' infrastructure are integrally linked to the Ethiopian government's ambitious developmental strategies. These seek to effect rapid industrialization in part via a series of newly established, export-orientated, Special Economic Zones (SEZs) which benefits from Ethiopia's low labour and hydroelectric costs.<sup>15</sup> The first of these, the Eastern Industry Zone, was opened in 2009. Based in Dukem, 30 km south of the capital Addis Ababa, it was established initially by two Chinese groups, with the aim of attracting further Chinese companies. By 2018 there were

ten further industrial parks in Ethiopia, all but three of them on the principal Addis-Djibouti corridor.

Ethiopia's participation in the BRI enhances both the unimpeded trade and facilities connectivity BRI cooperation priorities. Ethiopia's mixed progress to date, and whether the SEZ experiment is to prove successful and mutually beneficial, remains to be seen. Early results are mixed: several of the original private Chinese investors have withdrawn from the SEZs, and Ethiopia's net exports have yet to increase.

### ***Pipelines, fibre-optics, fintech and telecommunications***

**Beyond** rail and port investments, Djibouti is home to several other strands of MSRI activities. In financial terms, after the railway and MPP the third most significant Chinese project is a \$340 million aqueduct, able to pump 100,000 m<sup>3</sup> per day of fresh water from Ethiopia to Djibouti, which suffers from water shortages. Djibouti is also the anticipated terminus for gas pipelines to bring gas from Chinese developed oil and gas fields in Ethiopia's southeastern Ogaden province. Chinese telecommunication companies are also part-investors in the Djibouti International Free Trade Zone, following an investment template used elsewhere in Africa.<sup>16</sup> China Merchants Group owns a 15 percent stake in the digital data giant IPZ, which plays a key role in China's promotion of global e-payments systems. China Merchants and IPZ jointly formed "Silk Road E-Merchants" to promote a "Global Port Alliance", a networked system of e-payments and container logistics, linking 29 ports and 55 container terminals on the MSRI.<sup>17</sup> In the Horn, Djibouti hosts Africa's first branch of the International Silk Road Bank and a Big Data Center run by IPZ.<sup>18</sup>

## **1.2 Ethiopia's industrial zones: the BRI facilitating inward investment?**

For Ethiopia, the domestic political and economic impetus for engaging with China is clear. From the mid-1990s, the EPRDF government emphasized the need for massive infrastructure development as the centre-piece of its economic development plans. Sustained GDP growth in the second decade of the 21<sup>st</sup> century was underpinned by investment, notably in roads, rail and telecoms, which only China seemed able and willing to provide.<sup>19</sup> Growth in turn accelerated the need for additional infrastructure, to link and further expand fast growing cities, hence the urban light railway and intensive Chinese SOE involvement in prestige construction projects in Addis. The EPRDF, with Marxist roots and having inherited and then

reinforced a de-facto single-party state (particularly after bruising elections and unrest in 2005) also had a clear political affinity with the Chinese Communist Party's (CCP) model of dirigiste state-development. Premier Meles Zenawi, who co-chaired the 2006 **Forum on China-Africa Cooperation (FOCAC)** meeting in Beijing, and other senior ministers were frequent visitors to China. In 2011 Seyoum Mesfin, a leading figure in the EPRDF, switched from being foreign minister to the key role of ambassador to Beijing, and was later instrumental in ensuring Chinese involvement in the Southern Sudanese peace negotiations. Such moves reinforced strong ties between the EPRDF and CCP. Premier Li Keqiang made a state visit to Ethiopia in May 2014, during which a comprehensive ten-year cooperation agreement was signed, along with numerous contracts and finance agreements, including for the railway.<sup>20</sup>

This political context raises two analytical considerations. Firstly, it reinforces the important point that the BRI can be seen as the repackaging of existing strands of Chinese foreign policy, in particular towards Sub-Saharan Africa. The consolidation and expansion of Sino-Ethiopian ties were clearly well under way well before the launch of the BRI.

The second consideration is to what degree BRI is about the construction of infrastructure which then facilitates Chinese commercial manufacturing investment overseas. Much of the discourse on BRI globally emphasises investment in new ports, pipelines and shipping lanes, this frequently being seen as an end in itself. However, Ethiopia's experiment with Chinese funded and largely Chinese-run manufacturing zones suggests that BRI investment perhaps should be seen as a longer-term means to an end. This is the thesis of Pairault, who argues that SEZ's in Africa are explicitly envisaged by Beijing planners as being "Overseas Economic Commercial Cooperation Zones" (OECCZ). As such they are different to domestic Chinese SEZs, being designed instead for the explicit promotion of Chinese Outward FDI. Secondly, he and others note that to date they haven't been as successful as intended, with only Nigeria's Lekki FTZ and Ethiopia's Eastern Industry Zone tentatively taking root in Africa and attracting Chinese companies. Even then, there have been reversals, and growth has been slower and less profitable than originally envisaged.<sup>21</sup> It is too early to assess whether Ethiopia's Dukem Eastern Industry Zone will lead to a demonstration effect. Recent critical studies are cautious over its likely role in Ethiopia's overall development strategy, despite the promotion of ten such zones by the Ethiopian Industrial Parks Development Corporation (EIPDC) by 2018.<sup>22</sup>

### **1.3 Djibouti: a development strategy made for the BRI?**

In Djibouti development plans, we can see an even closer correspondence between local ambitions and China's own BRI aims. Djibouti's official 'Vision 2035' economic development framework presents the future of the state's economy as being a gateway to the wider Horn region and a logistics hub acting as a hinge between Africa, Asia, and Europe. The plan is premised on the successful growth model of port cities such as Dubai and Singapore, and was actively encouraged by the World Bank.<sup>23</sup> Indeed some analysts highlight the direct involvement of Lin Yifu, the Chief Economist and senior vice-president of the World Bank between 2007 and 2012, in encouraging Djibouti to adopt this strategy, having also reportedly supported Ethiopia's industrial park strategy.<sup>24</sup> Although it pre-dates the China's MSRI, the vision effectively shares its "gateway" notion of linking Africa to world markets, the commercial objectives of China Merchants Group and the "connectivity" rationale of the MSRI more broadly.

This can be seen when one examines other Chinese investments in Djibouti with broader implications for regional integration and connecting regional infrastructure to Djibouti's coastline. In 2016 preparatory work began on a Chinese financed and built Liquefied Natural Gas (LNG) facility at Damerjog, just south of the capital; this is scheduled to be the terminus of an 700-km pipeline from gas fields in south-eastern Ethiopia, being developed by an Ethio-Chinese joint-venture. Chinese companies were involved in the construction of two smaller ports in 2017: one for salt and one for livestock, which is imported from Ethiopia and Somalia. Contracts for two new airports have also reportedly been signed; both of which will be Chinese financed and constructed. Bicidley, 25 km south-west of the capital, is the proposed site of the new international airport, while the second proposed airport is close to Obock at Ras Syan.

### **1.4 BRI: poor project management and unsustainable debt in the Horn?**

In terms of China's political and economic risk considerations in the Horn of Africa, there are two obvious economic issues. The most oft-cited potential liabilities of the BRI are mismanagement and low profitability of projects for Chinese investors, and the sharp rise in debt-burdens occasioned by the scale Chinese infrastructure lending. This is particularly a

potential problem in African nations with very weak fiscal systems and limited abilities to repay.

On the surface, these particularly apply to Ethiopia and Djibouti in terms of debt. In the Djiboutian case indebtedness to China has risen steeply due to port and rail infrastructure, prompting direct comparisons Sri Lanka, where in 2017 China Merchants foreclosed on unpaid debts from the Sri Lankan government on Hambantota port, another hub on the MSRI.

The modalities of the railway financing has been a source of unease between Beijing, Addis, and Djibouti. In the Djiboutian case, this included overt disputes and a stop-gap \$20 million debt-for-equity-swap after a misunderstanding over who would pay to electrify the line.<sup>25</sup>

In October 2018 the specific issue of debt and poor management of the Addis-Djibouti railway was cited in a BRI symposium in Hong Kong by the chief economist of China's Export and Credit Insurance Corporation, Sinosure. He noted that "developers and financiers of projects in developing nations supported by Beijing's 'Belt and Road Initiative' need to step up their risk management to avoid disaster", suggesting that Sinosure might have to take a \$1 billion loss on the project due to mismanagement.<sup>26</sup> On the margins of the FOCAC summit in Beijing in September 2018, rescheduling on the railway debt was discussed. Ethiopia reported that the repayment period of the loan was extended from 10 to 30 years. Neither they nor the Ethiopians specified the new payment terms or rates.<sup>27</sup>

Djibouti's overall indebtedness towards China has been repeatedly highlighted by the IMF, which noted that non-concessional loans from China are not sustainable given Djibouti's fragile fiscal base:

large-scale investment program financed by external debt ... has raised public external debt from 50 to 85 percent of GDP in two years. ... Much of the debt consists of government-guaranteed public enterprise debt. Djibouti continues to be at high risk of debt distress, as all debt sustainability indicators are above their thresholds for a prolonged period.<sup>28</sup>

In 2016, total Djiboutian external debt stood at \$2.3 billion, and the IMF lists a further \$5 billion of planned investments within the Vision 2035 portfolio. All but one of these are Chinese projects, including \$3 billion for the proposed LNG pipeline, where works have already been inaugurated.<sup>29</sup> As a counterpoint, the US-based China Africa Research Initiative cautioned on some of the more alarmist, journalistic reporting of Djibouti's indebtedness to China, producing a useful snapshot of actual liabilities on the core projects

flagged above, suggesting in mid-2016 that debts stood at only \$1.3 billion. However, they don't refer to IMF data, which itself is drawn uniquely from Djiboutian government sources.

Notwithstanding such debates, two points regarding debt appear salient. Firstly, high African debt-levels are a recurrent refrain in critical western, China-Africa discourse. Yet these shouldn't automatically be taken at face value. This is particularly the case for journalistic accounts, which rarely distinguish between proposed and actual project expenditure. Djibouti's history is littered with "paper projects" with very high price tags attached. Often these evaporate with time.

Secondly, the BRI comparisons with Sri Lanka's Hambantota may also be misplaced. Analysing CMG's role in Hambantota, Zhang notes that: "the 'debt-trap diplomacy' narrative therefore fails to capture the critical, changing role played by China's SOEs, the driving force of China's global economic expansion. It also underestimates the appeal of China's state capitalism for political elites in developing countries."<sup>30</sup>

## **Section 2: A military cutting edge to 'Maritime Silk'? Anti-piracy and naval logistics**

This section outlines the Horn's unique status as home to the only Chinese military installation on the MSRI, at least to date. It examines the evolution of Beijing's naval presence in the Western Indian Ocean, which developed via its participation in multilateral anti-piracy activities. It notes that China's initial justification for establishing a military base in Djibouti is very similar to other global (US, EU, Japan) and regional (United Arab Emirates, Turkey) powers with military facilities in the Horn.

### ***China's naval presence***

Arguably, two factors make Djibouti's role in the MSRI unique. Firstly, while the Gulf of Aden is a crucial maritime transit corridor to Europe for Asian trade and Middle Eastern oil, under the sea it is also a vital telecommunications hub at the crossroads of key African and Asian submarine fibre-optic cables. Relatively little attention has been focused to date on the telecoms and undersea-cable dimension of the MSR, but these are very present in Djibouti. The, Pakistan-East Africa Cable Express, or "PEACE" cable, links Gwadar in Pakistan with Djibouti and Kenya in East Africa. It is a reminder that China is intent on decreasing reliance

on western-owned commercial cables, and that fibre-optics are very much part of BRI infrastructure.

However, **secondly, it is Djibouti's military characteristics** which is far more significant for the Horn of Africa and broader geopolitics. Since 2017 Djibouti has been home to China's first permanent overseas naval base. Formally known as the People's Liberation Army Navy's (PLAN's) 'logistics centre', this base shares quays with the new commercial Multi-Purpose Port at Doraleh.

Military ties did not come out of the blue; in early May 2014, Djibouti had signed a limited military cooperation agreement, providing China with mooring and bunkering facilities in exchange for military supplies. Chinese armoured vehicles and weaponry were displayed in Djibouti shortly afterwards. Chinese naval vessels had also become frequent visitors to Djibouti from 2008 onwards, when China began regular anti-piracy patrols in the region. The naval base, which in practice is a heavily militarized annex of the Doraleh civilian Multi-Purpose Port, was officially inaugurated on August 1, 2017. During construction, the Chinese navy and media routinely referred to a '36-hectare logistics base' for the PLAN. The facility can accommodate up to 400 marines and comprises ammunition depots, an office complex, a heliport with a short airstrip and other facilities.

Both the naval base's inauguration, and the first live-fire exercises by Chinese troops operating from the base, received extensive publicity in China's media. Press reports stressed Djibouti's links to the MSRI and China's long-standing involvement in anti-piracy patrols in the Indian Ocean and Gulf of Aden. These began in 2008, and have been a key factor in legitimizing China's naval presence in the Indian Ocean and European waters.<sup>31</sup> In this sense, China is following both the European Union and Japan, both of which also have anti-piracy forces based in Djibouti.

Just as the BRI partially subsumes (but does not fully encompass) elements of pre-existing China-Africa policies, it equally overlaps with China's plans for global military and naval expansion. Its 2015 Military Strategy white paper declared that: "It is necessary for China to develop a modern maritime military force structure commensurate with its national security and development interests."<sup>32</sup> The paper announced that PLAN's role would expand to protecting strategic sea lines of communication (SLOCs). It would maintain anti-piracy operations around the Horn of Africa, while enhancing maritime cooperation and supporting

an enlarged Chinese role in international peacekeeping. All these have since been played-out in practice in waters off the Horn of Africa, and the western Indian Ocean more broadly.<sup>33</sup> It is at sea and in ports that great- and mid-ranking power rivalry has played out in the past decade around the Horn; with the Chinese navy's growing presence in the Indian Ocean generating **the bulk of policy debate**, rather than their – to date limited – presence on land.

However, there is huge symbolic importance of Djibouti as the first PLAN overseas base. This highlights the manner in which China's naval activities in the Gulf of Aden are an integral part of PLAN's global 'Blue Ocean' presence, for consumption both at home and abroad.<sup>34</sup> The opening of the Djibouti base also coincided with President Xi's heightened emphasis on China's new global presence and status during the 19<sup>th</sup> Congress of the Communist Party of China in October 2017. The Djiboutian President was also the first overseas head of state to visit China after the 19<sup>th</sup> Congress. His November 2017 visit saw the two leaders announce a strategic partnership consolidating existing cooperation agreements.<sup>35</sup>

In addition to providing technical support to Chinese anti-piracy and other naval and merchant vessels in the region, three other factors drive Beijing's requirement and justification for establishing a naval base and permanent presence in the region.

The first factor is to be able to physically protect Chinese interests and investments in East Africa and Arabia. Secondly, to reassure and if necessary be able to evacuate the large number of Chinese nationals now working in Africa and the Middle East. During the 2011 war in Libya and again in Yemen in 2015 the Chinese government had to rapidly evacuate its citizens, diverting ships from anti-piracy patrols in the Horn. In 2011 it was heavily dependent on NATO forces and there was much criticism and unease in China at the operation. The far smaller Yemen evacuation was more successful and presented as a national success for the PLAN. Both of these two factors can be seen as having something of a "chicken and egg" relationship with the BRI; if the BRI is designed in part to accelerate outward Chinese FDI, then a greater number of Chinese corporations will be investing and citizens working and living overseas. Beijing then feels under an obligation to be able to defend its citizens, with the PLAN very explicitly and publicly positioning itself as Beijing's lead military agency with the ability and willingness to project and protect Chinese interests overseas. Perhaps curiously, the Horn of Africa and Gulf of Aden have played

disproportionately prominent roles in the new domestic Chinese perceptions of the MSRI and the new Chinese expansion, thanks in part to Cinema.<sup>36</sup>

A third factor for a permanent logistics presence in Djibouti is China's growing multilateral role in Africa. China has a growing number of peacekeepers deployed with the UN in Africa, including 1000 in nearby South Sudan, as well as in Liberia and Mali.<sup>37</sup> Beijing has pledged to increase these numbers. The Djibouti facility clearly enhances China's ability to project military power in the Red Sea and Indian Ocean and quickly deploy troops elsewhere in Africa. This is identical to the role Djibouti has long played for French and US militaries, linking their garrisons in central Africa, the Indian Ocean and Middle East. However, to date China's only terrestrial multilateral intervention in the Horn has been to provide troops to the UN contingent in South Sudan. It has not played a direct role, either financially or as a trainer in the Horn's main multilateral operation, the African Union mission in Somalia (AMISOM). Both French and US contingents based in Djibouti have undertaken training of African troops for AMISOM. As Chinese naval and military contingents develop closer ties with their Djiboutian counterparts, they may also develop such training facilities. Djibouti currently has **a battalion serving** in AMISOM.

### **Section 3: Local and global actors reactions to China's arrival**

This third section examines local and global powers' responses to the new Chinese commercial and military presence in the region. To what extent does the BRI modify regional security presences? It begins with a consideration of the US's response to China's arrival. Countering conventional analyses, it argues that China's arrival may complement, rather than displace, existing western powers' presence, despite some US policy makers' reservations.

#### **3.1 US and EU reservations – **rivalry** or tacit cooperation?**

The United States only permanent African military base lies barely 15km from the Chinese Navy's facility on the perimeter of the China Merchants' Doraleh **Multi-Purpose Port**. When then-US Secretary of State Rex Tillerson visited Djibouti in March 2018, he expressed unease over Chinese maritime ambitions in the region. Despite concerns in Washington the reality is that US military leaders in Djibouti – like their European counterparts - have said little publicly about practical coexistence with the Chinese. The only overt, publicized, point of friction came in May 2018 when US pilots accused the Chinese of attempting to blind US

pilots with weapons-grade lasers, which Beijing strenuously denied. There have been no subsequent reports of such incidents.

However, **while it seems** there is little objective basis to US-China rivalry in the Horn, this is not necessarily how it appears to hawkish elements in Trump's Washington. Launching a revamped U.S. Africa Strategy in mid-December 2018, former National Security Advisor John Bolton attacked China and the BRI in Africa, explicitly referring to the Chinese in Djibouti.<sup>38</sup> Early in the speech, after criticizing Djibouti and Zambia's increased exposure to Chinese debt, Bolton alleged that:

China uses bribes, opaque agreements, and the strategic use of debt to hold states in Africa captive to Beijing's wishes and demands. Its investment ventures are riddled with corruption, and do not meet the same environmental or ethical standards as U.S. developmental programs. Such predatory actions are sub-components of broader Chinese strategic initiatives, including "One Belt, One Road"—a plan to develop a series of trade routes leading to and from China with the ultimate goal of advancing Chinese global dominance. In Africa, we are already seeing the disturbing effects of China's quest to obtain more political, economic, and military power.

In May (2018), U.S. officials accused China of using military-grade lasers from this base to target and distract U.S. pilots on ten different occasions. Two of our American pilots suffered eye injuries from exposure to laser beams. And soon, Djibouti may hand over control of the Doraleh Container Terminal, a strategically-located shipping port on the Red Sea, to Chinese state-owned enterprises. Should this occur, the balance of power in the Horn of Africa—astride major arteries of maritime trade between Europe, the Middle East, and South Asia—would shift in favor of China. And, our U.S. military personnel at Camp Lemonnier, could face even further challenges in their efforts to protect the American people.<sup>39</sup>

Here Bolton compounds confusion over the fate of the DTC, which has been the subject of a legal tussle between the Djiboutian and Emirati (DPW) authorities for several years. As noted earlier, CMG has been a minority owner of Djibouti's Port Authority for over five years and run the **Multi-Purpose Port** adjacent to the DCT. While it is not inconceivable that a Chinese company would buy DPW's contested stake, this could only occur after the conclusion of DPW's legal case. There is no evidence to date that this is CMG's intention, or that the MPP has insufficient capacity for Chinese purposes.

While potential super-power tensions draw surface attention, on the ground practical constraints breed caution and cooperation. Regionally, Chinese and western interests converge, with the goals of ensuring freedom of navigation and to managing regional threats.

China was a major investor in Yemen, including in the port of Aden, and has played an active diplomatic role there since 2015. It also has close economic and political ties to Saudi Arabia and the UAE. Djibouti's tight, congested airspace and port facilities require cooperation; Chinese, US, Japanese and EU vessels all share the same refueling facilities. In practice, the French military still manages key local military zones. These include the Chebelle airstrip now used by the US for drone strikes on Yemen and Somalia. China is simply the latest customer to use Djibouti's remote live-fire ranges and rugged exercise zones which make the state such a valued training ground for foreign militaries.

China's navy generated both domestic and international legitimacy during a decade of cooperation over anti-piracy activities in the region. It may be that its new base in Djibouti will act as much as a fulcrum for quiet multilateral military cooperation with the US, EU and other NATO powers than as a new geostrategic point of tension between western powers and China.

Linked to this, it is notable how little official French or broader EU commentary there has been on China's presence in Djibouti. This despite the fact that the EU's longest-running, and arguably most successful, Common Foreign and Security Policy mission, the EUNAVFOR anti-piracy mission, is run out of Djibouti. EUNAVFOR and Chinese vessels have had some limited interaction; the operational head of EUNAVFOR visited the Chinese base in August 2018 and in October the EU and China held their first joint-operation in Djibouti.<sup>40</sup>

### ***3.2 The broader regional and maritime security context: Middle Eastern overspill?***

However, viewing US-China rivalry as being the defining regional power relationship would be highly misleading. For a variety of factors - of which the post-2015 phase of the war in the Yemen and the 2017 split in the Gulf Cooperation Council (GCC) are the most prominent - there has been considerable debate over other external powers' presences in the Red Sea region. These include Turkey and Qatar, as well as the GCC states engaged in the war in Yemen, most notably the United Arab Emirates (UAE). Since a disagreement over its principal container terminal began in 2012, Djibouti itself has been engaged in a form of commercial Cold War with the UAE, particularly the emirate of Dubai. However, Djibouti's domestic ports' dispute with the Emirates evolved in an exceedingly fraught regional context, none of which has much impact on Chinese long-term policies in the Horn.

By 2018, the broader regional and global context in the lower Red Sea and Gulf of Aden is that regional rivalries and alliances on both sides of the Red Sea coast, as well as global rivalries - above all between China and the United States - appeared to be playing out in a race for military and commercial port infrastructure spanning almost 1,200 km of the Horn of Africa coastline.

This is most pronounced in terms of the implications of foreign government involvement in Somali politics, and how other actors, particularly the other Somali states (quasi-autonomous Puntland and the *de-facto* independent Somaliland), view Gulf Arab involvement. It is also of concern to Ethiopia and Djibouti, both of whom contribute troops to the AU mission in Somalia, AMISOM.

This in turn appears inextricably linked both to the GCC military campaign in Yemen. The military and commercial rivalry between disparate Gulf and other powers in the Horn also complicates western strategic responses to the rapid increase of Chinese naval power in the Indian Ocean and Red Sea outline above. In the short term, recent developments point to a gradual hardening of positions into increasingly concrete and fractious regional blocs. In the longer term, US and EU concerns about strategic shifts in the region will remain focused primarily on Chinese plans and the containment of Islamist threats emanating from Yemen and Somalia, rather than regional tussles between local powers, or indeed the fate of Yemen. As such, what Saudi, its allies, and Qatar do in the Horn of Africa is of only peripheral importance to US, European and Chinese stances regarding the splits in the GCC as a whole.

Nevertheless, the escalation of war in Yemen in 2015 and the blockade of Qatar in 2017 have had a profound impact on regional geopolitics in the Horn of Africa, as competition and patronage increasingly fell along an Egypt-Saudi-UAE vs Turkey-Qatar fault-line have disrupted old patterns of patronage and positioning.

In 2016 Dubai Ports World, the maritime logistics giant which in practice is a rival to CMG and COSCO, decided to invest in Berbera's civilian port infrastructure. Subsequently, in March 2017, Somaliland's parliament approved plans for the UAE to construct a separate naval facility in Berbera, which in the Cold War had harboured first a Soviet and then US naval facility. The facility will be separate from Berbera's merchant port, which as noted is the focus of a \$400 million refurbishment by the Emirati state-owned firm DP World, in a joint-venture between Somaliland, Ethiopia and DP World.

The UAE is also present in the Eritrean port of Assab, which lies just 60 km west of Yemen. In mid-2018, the UAE, alongside Saudi Arabia, also claimed to have played a leading role negotiating peace between Ethiopia and Eritrea and has pledged to significantly increase commercial investments in both countries. Regional peace, which is far from being consolidated, is unlikely to alter the outlook for China in the Horn. However, the potential gradual reincorporation of Eritrea into the region commercially does open-up opportunities for China; Chinese companies now have stakes in mining in Eritrea and such investment are likely to increase.

Turkey is also a major player in regional security; the most visible aspect of the expansion of Turkey's ambitious strategy in the Horn of Africa has hitherto rested on substantial investment in Somalia. Following several years of humanitarian and commercial activity by Ankara, in September 2017, the Turkish government opened a military base in Mogadishu, providing extensive funds and training for the nascent Somali National Army. Subsequently, during a high-profile visit to Sudan in December 2017, President Recep Tayip Erdogan declared Turkey would rehabilitate part of the abandoned Ottoman port of Suakin and construct new naval facilities nearby.

Qatar has also provided patronage for key Somali politicians in Mogadishu's federal government, including, allegedly the president. This was likely a major factor behind the rupture in April 2018 between the UAE and Somalia, prompting the UAE to precipitously close their Hospital in Mogadishu and withdraw from military training programmes for the Federal government. Qatar had also acted as a mediator when a border dispute between Djibouti and Eritrea erupted in 2008. Qatar withdrew its troops when Djibouti sided with the rump GCC states in mid-2017. This prompted a rare Chinese offer of direct involvement in inter-state relations in the Horn; China's ambassador in Djibouti floating the idea, which was not pursued, that China might help negotiate the border dispute.

Thus, the potential overspill of Middle Eastern rivalries complicates both the long-term strategic repercussions of China's new naval presence in the Red Sea and China's attempts to avoid interference in local or regional politics.

Another fraught inter-regional issue in which China is likely to find itself implicated is relations between Somalia, Djibouti, and Ethiopia. This is due to the growing presence of Chinese companies in the oil and gas fields of Ethiopia's southeastern Ogaden province, which borders Somalia and Somaliland. Ethiopia's Somali region remains unstable and the current proposals

to construct a pipeline from there to a refinery to be built in Djibouti are likely to attract local opposition. In 2007 nine Chinese oil workers employed by a subsidiary of Beijing's Sinopec were killed, along with over 60 Ethiopian soldiers, by Ogadeni rebels. Over a decade later, with a far more substantive Chinese economic and expatriate presence in Ethiopia, it seems conceivable that violence against Chinese nationals and/or a major attack on the new pipeline would now prompt a military response from Chinese forces based in Djibouti, or from Ethiopian forces. Even in the absence of violence, it seems likely that Chinese diplomats and businesses will find themselves playing a more assertive regional role, particularly as the autonomous authorities in Somaliland also seek to develop hydrocarbon deposits in their own territory, something that the federal government in Mogadishu will oppose. In this sense the manner in which Chinese investment in Sudan's oil fields subsequently prompted Beijing's more activist diplomatic stance (as when Sudan ruptured in 2011) may be replicated elsewhere in the Horn.

## Conclusion

This chapter has examined the manner in which the Horn of Africa and its maritime links to the Red Sea constitute a key hub within China's BRI, specifically through its MSRI. It has cautioned against seeing the MSRI as being the sole or primary catalyst for China's economic presence in the Horn. Beijing's regional footprint predates Xi Jinping's MSR initiative, most notably in terms of investment in Sudan's oil and Ethiopia's infrastructure. Similarly, China's anti-piracy activities in the region, the precursor of their formal naval presence in Djibouti, predate the BRI. However, the MSRI has provided a degree of discursive coherence to China's civilian and military expansion, providing policy rationale for both terrestrial and maritime activities in both the Horn and more broadly in the Western Indian Ocean region.

~~It is misleading to talk of a new economic and military presence for China framed within the BRI. As seen throughout this chapter, China's deep regional footprint predates the BRI.~~

Existing conditions in the region have implications for how China's role may continue to develop. First, the states of the Horn clearly have close inter-state (i.e. "bilateral") security interdependence. Indeed this characteristic has been accentuated by the tentative peace settlement signed between Eritrean and Ethiopia leaders in mid-2018. However, the interstate

dynamics in the north of the region (i.e. the Ethiopian-Eritrean-Sudanese linkages) and the conflicts of the southern Horn (those involving Ethiopian, Somalian and Djiboutian actors) remain strategically and geographically distinct. This can equally be seen in terms of China's relatively recent involvement in intra-regional diplomacy, focused primarily on securing Chinese interests in the civil wars of Sudan (both bi-laterally and via its participation in the UN Mission in Southern Sudan, UNMISS), rather than conflicts in and around Somalia.

The second factor is that China's broader regional political interests are largely convergent with those of the US and other western powers present in the region. These include securing the safety of SLOCs via the Red Sea, containing the fall-out from regional wars (Yemen, Southern Sudan), and combatting Islamist violence (Yemen, Somalia). Thus any regional tensions do not necessarily have a spill-over effect at the international level. This indicates that there is room for cooperation amongst extra-regional powers in the Horn, rather than an inherently competitive environment.

This links to a third factor. As China's economic assets and expatriate population in the Horn steadily increase, it seems inevitable that Beijing will gradually be increasingly drawn into playing ~~both~~ a greater multilateral role. This may be in the form of regional peacekeeping or a more activist diplomatic role in inter-state regional disputes. This likelihood will be accentuated as Chinese companies take a greater stake in the development of oil and gas in the Horn's Somali-speaking regions.

A fourth, final factor can be presented as something of a regional paradox; on the one hand it is in the *maritime* domain that the MSRI may have the greatest impact on international relations towards the Horn of Africa. Unsurprisingly, it is at sea that the very rapid expansion of China and its PLA Navy poses the greatest concern to the hitherto hegemonic presence of the US, and other aspirant regional powers such as India. This is both as China begins to lay its own networks of fibre-optic cables, and as Chinese vessels increasingly play an active role in the Western Indian Ocean, Gulf of Aden and Red Sea. Despite the fact that one of the key logistical fulcrums of that activity is in the Horn of Africa - the PLAN naval base in Djibouti - the paradox is that this geo-strategic shift appears unlikely to have much impact on the states and peoples of the Horn themselves. Rather it is other regional dynamics, most notably overspill from tensions in the Middle East; the war in Yemen and the GCC split, which is impacting the security dynamics in the Horn.

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**Endnotes:**

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<sup>1</sup> The Horn does have a United Nations and African Union-recognised regional body; the Intergovernmental Authority on Development (IGAD), which is based in Djibouti. Donor-funded, it has been largely ineffectual since the Ethio-Eritrean war of 1998-2000. Nevertheless, it has played the leading role in Southern Sudanese peace negotiations since 2014.

<sup>2</sup> This refers to the BRI white paper, “Visions and Actions in Jointly Building Silk Road Economic Belt and 21<sup>st</sup>-Century Maritime Silk Road”, released by the National Development and Reform Commission and Ministries of Foreign Affairs and Commerce in 2015.

<sup>3</sup> Buzan and Waever devote only three pages to the Horn in their global analysis of regional security complexes. They perceive the horn as a “pre-complex”, due to its perceived characteristics as having close inter-state (“bilateral”) security interdependence, but a lack of linkages – notably between its northern, Ethio-Eritrean-Sudanese dynamics, and those of the southern Horn, effectively an Ethio-Somali nexus of conflicts. Barry Buzan and Ole Waever, *Regions and Powers; the security of international security* (Cambridge: Cambridge University Press, 2003), 241-3. Christopher Clapham provides a detailed examination of how environment, economy and history has influenced recent wars in *The Horn of Africa: State Formation and Decay* (London: Hurst, 2017) resulting in the Horn being one of the regions in the world to have spawned new, post-Cold War states: Eritrea, Somaliland and Southern Sudan.

<sup>4</sup> Exemplified by the two Chinese frigates which made PLAN’s inaugural official tour of northern European ports in late 2017; these vessels were drawn from the anti-piracy forces based out of Djibouti.

<sup>5</sup> Detailed and evocative accounts of CMG’s role in Shenzhen’s transformation can be found in Mary-Ann O’Donnell’s blog: “Shenzhen noted”, <https://shenzhennoted.com/>

<sup>6</sup> On Ethiopia’s ambivalent military dominance, see: Sonia Le Gourellec, “Regional Power and contested hierarchy: Ethiopia an ‘imperfect hegemon’ in the Horn of Africa,” *International Affairs*, 94: 5 (2018). See also, Sonia Le Gourellec, “Chine, Éthiopie, Djibouti : un triumvirat pour la Corne de l’Afrique ?” *Etudes Internationales* 49, 3, (2019).

<sup>7</sup> The Eritrea’s president since it achieved independence in 1991, Issaias Afewerki, was part of a group of rebels trained in China in the late 1960s.

<sup>8</sup> David Shinn, “Ethiopia and China: two former empires connect in the 20th century”, (paper presented to the Russian Academy of Sciences, 13th International Conference of Africanists, May 2014), <http://www.zehabesha.com/wp-content/uploads/2014/06/Ethiopia-and-China-Two-Former-Empires-Connect-in-the-20th-Century.pdf>

<sup>9</sup> International Crisis Group, “China’s Foreign Policy Experiment in South Sudan” (New York: International Crisis Group, 2017), <https://www.crisisgroup.org/africa/horn-africa/south-sudan/288-china-s-foreign-policy-experiment-south-sudan>

<sup>10</sup> For official sources and maps, see the BRI portal, <http://english.gov.cn/beltAndRoad/>. Berlin’s Mercator Institute for China Studies also provides clear BRI cartography, <https://www.merics.org/en>.

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<sup>11</sup> On CMG and the MSRI see: Mathieu Duchatel and Alexandre Sheldon Duplaix, *Blue China: navigating the maritime silk road to Europe*. (Brussels: European Council on Foreign Relations, April 2018), 15.

<sup>12</sup> Xinhua News, “Djibouti's Doraleh Port officially opens”, May 24 2017, [http://www.xinhuanet.com/english/2017-05/24/c\\_136312120.htm](http://www.xinhuanet.com/english/2017-05/24/c_136312120.htm).

<sup>13</sup> For details of CMG's global role in the MSRI see: Duchatel and Sheldon Duplaix, *Blue China*, 15.

<sup>14</sup> China has invested in Egypt's Port Said and al-Adabiya facilities. See David Shinn, “China's Power Projection in the Western Indian Ocean”, *China Brief*, Volume: 17 Issue: 6. April 2017. (Washington DC: Jamestown Foundation, 2017), <https://jamestown.org/program/chinas-power-projection-western-indian-ocean/>

<sup>15</sup> Deborah Brautigam, Xiaoyang Tang, “African Shenzhen: China's special economic zones in Africa”, *Journal of Modern African Studies*, 49 (1) (2011), pp. 27-54. Philip Giannecchini and Ian Taylor, “The eastern industrial zone in Ethiopia: Catalyst for development?”, *Geoforum*, Vol. 88, (January 2018), 28-35.

<sup>16</sup> Pairault, Djibouti et les routes électroniques de la soie (Paris: EHESS 2017), 4-6.

<sup>17</sup> Thierry Pairault, « La China Merchants à Djibouti: de la route maritime a la route de la soie », *Espace Géographique et Société Marocaine*, (REGSM: Rabat), No. 24-25, (2018) 72.

<sup>18</sup> However, in April 2019, IPZ were reported to have been ousted from the Bank. Nizar Manek, “China Merchants in Talks to Replace Ousted Djibouti-Bank Partner”, *Bloomberg News*, April 17, 2019, <https://www.bloomberg.com/news/articles/2019-04-17/china-merchants-in-talks-to-replace-ousted-djibouti-bank-partner?>

<sup>19</sup> Nevertheless, the World Bank was the principal funder of road infrastructure in the 1990s, and remains closely involved in Ethiopia's economic transformation, including in logistics and infrastructure.

<sup>20</sup> Shinn, “*Ethiopia and China...*”, 10.

<sup>21</sup> Thierry Pairault, “*China in Africa: Phoenix nests versus Special Economic Zones*”, (January 2019). HAL open archives, Paris. <https://hal.archives-ouvertes.fr/hal01968812>. p.8.

<sup>22</sup> Giannecchini and Taylor, “The eastern industrial zone in Ethiopia...”, p.33. For a government's view, see the Industrial Parks Agency, <http://www.ipdc.gov.et/index.php/en/>, and the Ethiopian Investment Commission, <http://www.investethiopia.gov.et/>

<sup>23</sup> For details of the Djiboutian government's ‘*Vision 2035*’ plans, see: <http://www.djibouti.dj/en/about-djibouti/djibouti-vision-2035/>

<sup>24</sup> Thierry Pairault, “*China in Africa*”, 4.

<sup>25</sup> The agreement, signed in Beijing in August 2016 was not made public. The ongoing high-cost and confusion around the railway debt is reflected in interviews with Djiboutian officials. Djibouti's finance minister claimed in late 2018 that \$500m railway debt had been extended once, at Libor +3%, and needed renegotiating. Chris Wright, “Africa: Why Djibouti's China debt is raising the alarm”, *Euromoney*, January 7, 2019, <https://www.euromoney.com/article/b1clfx2rfvlhx6/africa-why-djiboutis-china-debt-is-raising-the-alarm?copyrightInfo=true>

<sup>26</sup> Eric Ng, “Botched Chinese railway project in Africa is a warning to belt and road investors”, *South China Morning Post*, October 23, 2018, <https://www.scmp.com/business/banking-finance/article/2170549/botched-chinese-railway-project-africa-warning-belt-and>

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- <sup>27</sup> *Ethiopian News Agency*, “China Extends Debt Repayment for Ethiopia”, September 6, 2018, <https://www.ena.et/en/2018/09/06/china-extends-debt-repayment-for-ethiopia/>
- <sup>28</sup> IMF, *Djibouti: 2016 Article IV Consultation documents*, (Washington DC : IMF, April 6, 2017).
- <sup>29</sup> IMF, *Djibouti: 2016 Article IV, Table 1*, p.22
- <sup>30</sup> Hong Zhang, “Beyond ‘Debt-Trap Diplomacy’: The Dissemination of PRC State Capitalism”, *China Brief*, Vol:19, Issue:1, Jan 5, 2019. (Washington DC: Jamestown Foundation), <https://jamestown.org/program/beyond-debt-trap-diplomacy-the-dissemination-of-prc-state-capitalism/>
- <sup>31</sup> Erickson, Andrew S. and Austin Strange. *Six Years at Sea... and Counting: Gulf of Aden Anti-Piracy and China's Maritime Commons*. (Washington DC: Jamestown Foundation, 2015).
- <sup>32</sup> State Council of the People’s Republic of China, *China’s Military Strategy* (2015). Available via The Jamestown Foundation, <https://jamestown.org/wp-content/uploads/2016/07/China%E2%80%99s-Military-Strategy-2015.pdf?x87069>
- <sup>33</sup> David Shinn, *China’s Power Projection ...*
- <sup>34</sup> Erickson, Andrew S. and Austin M. Strange. ‘China’s Blue Soft Power: Antipiracy, Engagement, and Image Enhancement’. *Naval War College Review*, Vol. 68, No. 1. (Winter 2015)
- <sup>35</sup> *China Daily*, “China, Djibouti agree on cooperation”, November 24, 2017, [http://www.chinadaily.com.cn/china/2017-11/24/content\\_34922597.htm](http://www.chinadaily.com.cn/china/2017-11/24/content_34922597.htm)
- <sup>36</sup> The film “Operation Red Sea”, a highly fictionalised account of the rescue of Chinese nationals from Yemen in 2015, was the highest grossing film in China in 2018. The film was sponsored by PLAN, whose elite commandos are its heroes. Djibouti features in the film, which closes with a government message that China will always rescue its citizens if they are in danger anywhere in the world. A similar East Africa-based (and PLAN-sponsored) movie, *Wolf Warrior II*, was the most popular film in China in 2017.
- <sup>37</sup> Chris Alden, Abiodun Alao and Zhang Chun (eds.) *China and Africa: Building Peace and Security Cooperation on the Continent*, (London: Palgrave MacMillan, 2018)
- <sup>38</sup> Abdi Latif Dahir, “The Trump administration’s Africa policy is all about countering China’s influence,” *Quartz Africa*, December 14, 2018, <https://qz.com/africa/1495859/bolton-unveils-trump-africa-strategy-to-counter-china-russia/>
- <sup>39</sup> John Bolton, “Remarks [on] Trump Administration’s New Africa Strategy”, Heritage Foundation, Washington, D.C., December 14, 2018, <https://www.whitehouse.gov/briefings-statements/remarks-national-security-advisor-ambassador-john-r-bolton-trump-administrations-new-africa-strategy/>
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