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Chinese People's Liberation Army-Navy troops march in Djibouti's independence day parade on June 27, 2017, marking 40 years since the end of French rule in the Horn of Africa country.

**Hong Kong (CNN)** — Concerns in Washington are growing amid reports that China is poised to gain control of a major commercial port on the Horn of Africa, further consolidating the country's influence in the critically strategic region.

In late February, the Djibouti government [terminated a contract](#) with Dubai-based port operator DP World to run the Doraleh Container Terminal (DCT), on the grounds it was "contrary to the fundamental interests of the nation."

The port is partly owned by China's state-owned China Merchants Port Holdings, which maintains a 23.5% stake in the port's parent company, Port de Djibouti SA. It is also located immediately adjacent to China's only overseas military base, on the west bank of the Gulf of Aden and the southern entrance to the Red Sea, close to the Suez Canal.

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The government's sudden seizure of the port, among the largest in Africa, has led to speculation it could fall into Chinese hands, with US lawmakers [citing reports](#) that Djibouti was preparing to hand it over to China as a "gift."

The Djibouti government relies heavily on investment capital from China and the two countries maintain close diplomatic ties.

On Tuesday, the future of the port dominated discussions during a hearing of the US House Armed Services Committee, with one senior US general warning that the US military could face "significant" consequences should China take control of the port.

Marine Gen. Thomas Waldhauser, the US' top military commander in Africa, said Chinese control of the port could result in restrictions on its use, potentially cutting off access to a key US resupply route and naval refueling stop.



The port currently constitutes the primary access point for American, French, Italian and Japanese bases in Djibouti. The US base, Camp Lemonnier, is home to an estimated 4,000 personnel, including various special forces troops, and is used as a staging point for US military and counter-terrorism operations throughout Africa, the Middle East and [the Indian Ocean](#).

"If the Chinese took over that port, then the consequences could be significant," said Waldhauser. "When we talk about influence and access, this is a classic example with regards to China, of how we've got to proceed and how we've got to be careful as we move forward."

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China's Foreign Ministry spokesman Geng Shuang did not comment directly on Djibouti during a [regular press briefing](#) Wednesday. When asked about the port, he said he was "not aware of the specific situation," adding that China hoped the

US would view "China-Africa cooperation in an objective and unbiased manner."

However, the question of China's role in Djibouti did appear in an article published Wednesday in China's [state-owned Global Times](#), in which US concerns were dismissed as "pointless."

Quoting Song Zhongping, a military expert, the article argued that if a Chinese company were to gain the right to operate the port, "it would be based on business and economic interests between China and Djibouti, and it has no intention at all to make trouble for the US military."

## Chinese funding

The government of Djibouti, led by President Ismail Omar Guelleh, has so far welcomed China's role in the country's economy, maintaining that because Djibouti is resource-poor, its development is dependent on maximizing its location, and increasing investment in port infrastructure.

To date, China has invested over \$1 billion in Djibouti, equivalent to 75% of the country's GDP.

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In addition to investing in the DCT, Chinese state firms have also financed and built Ethiopia-Djibouti Water Pipelines and the Ethiopia-Djibouti Railway.

In the hearing Tuesday, Waldhauser admitted the United States would "never outspend the Chinese" in Djibouti, pointing out that as well as major infrastructure projects, Beijing has also built shopping malls and stadiums.

According to a [report by CNA](#), a US-based nonprofit research and analysis organization, most of the capital that China provides to Djibouti is in the form of loans from the Export-Import Bank of China.

The bank, which is wholly state-owned and is under the direct leadership of the China's State Council, has a mandate from the Chinese government to "help Chinese companies secure contracts and acquire assets abroad," says the report.

On Friday, US Secretary of [State Rex Tillerson arrived in Djibouti](#) as part of a cross-continent trip, intended to shore up support among African leaders.

Addressing those debt concerns at a press conference alongside Tillerson, Djibouti's foreign minister, Mahamoud Ali Youssouf, said the country's debt to China "is so far manageable."

"Let me first underline the fact that no country can develop itself without having a strong infrastructure," said Youssouf, "And China is, from that perspective, a very good partner."

The issue of the Doraleh Container Terminal was not raised during the press conference.



This aerial photo taken on January 2, 2017 shows a Chinese navy formation, including the aircraft carrier Liaoning (C), during military drills in the South China Sea.

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Under Chinese President Xi Jinping, China's maritime reach has grown considerably, expanding far beyond its immediate coastline into areas not previously considered within its sphere of influence.

China [formally established its Djibouti military base in July last year](#), followed several months later by the country's controversial acquisition of the [Hambantota port in Sri Lanka](#).

Speaking to CNN, Malcolm Davis, a senior analyst at the Australian Strategic Policy Institute in Sydney, described the Hambantota deal -- which saw Sri Lanka grant China a 99-year lease on the port to service some of the billions in debt it owes to Beijing -- as part of a "bigger picture."

"The more you invest in the Belt and Road initiative, the more the Chinese are in a position to force your country to align politically in terms of policy," Davis told CNN, referring to the China's ambitious One Belt One Road (OBOR) international development strategy.

"So you become dependent on their investment and their largesse, and you're less likely to be critical of them and you're more likely to accommodate their interests strategically."

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In a separate hearing Wednesday before the US House Appropriations Committee, US Navy Secretary Richard Spencer accused Beijing of "weaponizing capital," saying China is making loans, not grants or aid, to finance the infrastructure projects.

If the debtor fails to make payments, "the asset owner comes and reclaims it and says these are now ours," said Spencer, referencing China's Hambantota port deal with Sri Lanka. "They're doing that around the globe. So their open checkbook keeps me up at night."

## Blue-helmet deployments

China's infrastructure and development projects are only a part of a broader Africa strategy, that includes both military and peacekeeping elements. According to a report by the European Council on Foreign Relations (ECFR), cooperation with Africa on peace and security is now an "explicit part of Beijing's foreign policy."

In 2015 Chinese President Xi Jinping committed 8,000 troops to the UN peacekeeping standby force — one fifth of the 40,000 total troops committed by 50 nations. China also pledged \$100 million to the African Union standby force and \$1 billion to establish the UN Peace and Development Trust Fund.

Speaking at the hearing alongside Spencer, Wednesday, US Marine Corps Commandant Gen. Robert Neller said President Xi's strategy was to "win without fighting."

"The Chinese are playing the long game ... Everywhere I go, they're there," said Neller.

More than 2,500 Chinese combat-ready soldiers and police officers are now deployed in blue-helmet missions across the African continent, with the largest deployments in South Sudan (1,051), Liberia (666), and Mali (402), according to the ECFR.

In addition, Africa is currently home to an estimated one million Chinese nationals, with many employed in infrastructure projects backed by the Chinese government.

"China's involvement in African security is a product of a wider transformation of China's national defense policy. It is taking on a global outlook ... and incorporating new concepts such as the protection of overseas interests and open seas protection," says the ECFR report.

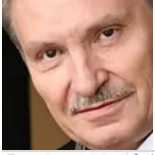
In a [letter](#) to US Defense Secretary Jim Mattis, dated March 5, Rep. Bradley Byrne, a Republican from Alabama, said he was concerned about China's growing influence in Djibouti and the potentially detrimental impact it could have on the US' ability to operate effectively in the region.

"If Djibouti is willing to confiscate a port terminal operating under a legal 30-year agreement, what is to stop (Djibouti) President Guelleh from reneging on the twenty-year lease the US signed in 2014 for Camp Lemonnier?" asked Byrne, who reiterated his question during Tuesday's committee hearing.



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