



CHINA'S INVESTMENTS IN EASTERN AFRICA. DJIBOUTI, CHINA'S SHUTTLE IN AFRICA (QUICK OVERVIEW)

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EXECUTIVE SUMMARY:

The One Belt and One Road (OBOR) initiative will facilitate China trade with Europe and Africa. China is increasing economic activities in Africa in order to gain new markets and raw materials. The precarious security situation has prompted China to actively support Africa to improve stability. Chinese military base in Djibouti protects trading routes and will support the permanent presence of China in Africa.

KEY WORDS:

China, Africa, Xi Jinping, Djibouti, trade ,investment infrastructure ,Ethiopia, South Sudan, Mali, Kenya, Uganda, Rwanda, , OBOR, LAPSSET.

HIGHLIGHTS:

- (2013) Establishment of sea-land line of communication initiative One Belt and One Road (OBOR).
- (2013) Establishment of LAPSSET Programme (Lamu Port, South Sudan, and Ethiopia Transport Corridor). This program encompasses several key infrastructure construction projects such as seaports, oil pipelines, highways, railroads, airports and resorts cities.
- (2013-2014) First deployment of Chinese combat troops in Mali and South Sudan under UN mandate.
- (2015) China inaugurates in Addis Ababa the sub-Saharan Africa's first modern railway (750 km). The first step in a 5,000km long network (Ethiopia-Kenya-Sudan-South Sudan) of rail which will be finished in 2020.
- (2017) Inauguration of the first Chinese military base overseas.
- (2008-2017) More than 6,000 Chinese and foreign ships escorted by Chinese Navy in the Gulf of Aden and Indian Ocean.
- (2017) Around 10,000 Chinese firms (90% of them privately owned) operate across many sectors of the African economy.

BACKGROUND

China's investments and trading in Africa initiated in the 1970s when China started to play a role in the global economy. However, the connections between the two have widened since then, and there is now a much higher level of trade, investment and economic engagement. The new profile in Sino-African relations and Chinese ambitions have also changed the West's perception of Africa, displacing European powers and the United States from some of its traditional areas of influence.

In 2013, China's current president, Xi Jinping, proposed establishing a network of railways, roads, pipelines, and utility grids that would link China and Europe. This initiative, One Belt and One Road (OBOR), with two main components: the Silk Road Economic Belt and the 21st Century Maritime Silk Road, includes some key routes for China's trade in Africa.

Indeed, the precarious security situation in the African continent has caused a major implication for the Chinese Government in the stability of the zone. China has deployed combat troops, for the first time, in Mali and South Sudan under the flag of United Nations. Moreover, last year, China inaugurated the first overseas military base in Djibouti, one of the more stable countries of the continent, with a privileged position in the strategic Strait of Bab el Mandeb.

ONE BELT AND ONE ROAD AND EAST AFRICA.

The economic development of China increases its natural resources demand, turning the Asian country into the first global raw material consumer.

The constant search of new markets, has directed the attention of the Asian giant to Africa the last decade.



Economic relations between China and Africa have grown quickly, despite the safety issues and the language and cultural barriers. Around 10,000 Chinese firms (90% of them privately owned) operate across many sectors (manufacturing, services, trade and construction) of the African economy.

China has become Africa's major economic partner and its commercial transactions with the continent have surpassed Africa's economic

relations with France, United Kingdom and the United States put together.

Last October the Chinese Communist Party enshrined Xi Jinping's "One Belt and One Road Initiative" (OBOR) in its constitution. It demonstrates, one more time, how the sweeping plan linking China and Europe via land and sea routes now is at the heart of China's foreign policy and international development strategy. However, intentionally, the project is not simply unidirectional.

The Belt and Road Forum for Global Development held in Beijing in May 2017 gave China an opportunity to both present itself as part of a recently coined global community of countries along the trans-Eurasian route, and as a leader of that community.

A Beijing-centered view of the initiative underplays its potential influence on regions along the route. OBOR is important not only because it might increase and channel Chinese influence through West Asia and the Indian Ocean basin, but also for the effect it might have on local and regional integration along the way.

CHINA INVESTMENT & ENGAGEMENT

In general, China's actions on the African continent tend to be identified as synonymous with a process of exploitation of resources without any respect for the efforts of African countries to improve their own governance. Despite these perceptions, China's action on the African continent could show more than an attempt at modern colonialism, it could also be sensitive to regional and local interests in the perspective of joint development.

The growing involvement of China in Africa motivated by the expansion of its interests, beyond its traditional close environment, shows how it is going to assume greater responsibility in the international sphere. This growing involvement is exerting a great influence on the evolution of the traditional principle of noninterference, characteristic of China's foreign action.

- **China's investments in Eastern Africa**

Chinese investments are concentrated in the East and South of the African continent. Ethiopia is one of the fastest growing economies in Africa. The rail connection to the ports of Djibouti will give a bounce and the economy will grow faster. This 750 km railway is only the first step in a 5,000 km-long network of rail which Ethiopia hopes to build by 2020, connecting it to Kenya, Sudan and South Sudan.

The train to Djibouti will speed up the development of Ethiopia's manufacturing industry and it will provide huge benefits to the industrial parks and modern farms that will be built in the future

In Kenya and South Sudan there are commercial Chinese interests related to the sector of hydrocarbons. Nairobi is an OBOR regional node, thanks to a massive Chinese-funded railway and road network connecting Kenyan cities and extending towards other countries in the sub-region. A line between Mombasa and Nairobi was completed in May 2017 and another newly opened line links Addis Ababa with the port of Djibouti.

When finished, the network will connect Kenya with Ethiopia, South Sudan, Uganda, Democratic Republic of Congo, Rwanda, and Burundi. Nowadays, only Djibouti and Mombasa ports are the hubs for entry and exit points for the goods from-to Ethiopia, Kenya, Uganda, Rwanda and South Sudan.

Kenya's port of Lamu, currently under construction, is part of the larger transportation corridor between Kenya, Ethiopia, South Sudan and Uganda known as LAPSSET Corridor Program. LAPSSET program encompasses several key infrastructure construction projects such as seaports, oil pipelines, highways, railroads, airports and resorts cities

- **China's non-interference policy in Africa**

The precarious security situation in Africa has prompted the Chinese Government to become involved in the security and stability of the African countries. China engaged in the peace process held in Ethiopia, hosted



discreet talks among warring factions in Sudan, sent peacekeepers to the UN peacekeeping mission in South Sudan (UNMISS) and contributes to military capability building in Mali.

When South Sudan's civil war broke out in late 2013, Chinese promoters of a more flexible interpretation of the non-intervention policy saw an opportunity to try new approaches to protect their nation's interests mainly linked to China National Petroleum Corporation (CNPC).

Concerning Mali, the Chinese Government is involved in improving the military capabilities of the Malian Army, cooperating with others actors such as European Union (EU). Instead, China has a small economic presence and there is only a small Chinese community in the country, the main reason of this military mission is to contribute to the regional stability and to protect its national economic interests in the neighboring countries of Chad (oil) and Niger (uranium).

- **Djibouti strategic gamble**



China's large-scale footprint represents a significant departure from its traditional role in Africa, often described as a mere resource extractor. The base in Djibouti is an experiment in terms of how well the country can establish a long-term presence that seems welcomed by local populations.

China formally opened the base, which it calls a logistics facility, 1st August 2017. This date was the 90th birthday of the People's Liberation Army. China made its new naval military base possible first and foremost with considerable investments,

loans and privilege relationship with president Guelleh, who has been in power since 1999.

These projects include a water pipeline from Ethiopia, a railway to Addis Ababa and a new international airport 25km south of the capital. Those come alongside the mostly Chinese-funded multipurpose port in Doraleh, which will also service the neighboring base.

The construction of the new Chinese naval military base –officially a logistics support base– in Djibouti aims to protect its economic and financial interests abroad and support China's anti-piracy activities at the Gulf of Aden and Indian Ocean. China's military presence has been agreed up to 2026, with a contingent of up to 10,000 soldiers¹ that will provide a long-term "foothold" on the continent.

Officially the facilities in Djibouti serve to protect China's economic interests in Africa and to help safeguard regional peace, but the big question is whether China will use this military presence to influence the region, in a place that hosts large U.S. and French military bases, in addition to a small Japanese one.

¹ François Dubé, T. (2018). *China's Experiment in Djibouti*.

FINAL REMARKS.

Africa is a huge market for Chinese products and owns enough raw materials to supply all the Chinese demand. These resources allow China to maintain its economic growth. The establishment of One Belt and One Road (OBOR) and the inland African corridors, such as the LAPSSET, envisage ensuring adequate lines of communication and infrastructure needed for improving trading and economic expansion. China's naval military base in Djibouti, in addition to ambitious investments and infrastructure projects, reveals China's growing interest in this strategic area.

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