

Port in the Desert: Djibouti as International Lessor

by

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Abstract

Djibouti, since its colonial inception as a French port in the 1890's, has always depended on its strategic location and port capacity as its major economic resource. Without much notice the tiny rocky country of Djibouti with its strategic port has been transformed from a small outpost that rented 80 acres to the U.S. for a temporary U.S. military camp in 2001 to combat terrorism to a country now generating rent revenues from French, Italian, and Japanese bases in addition to the now quasi-permanent 500-acre sprawling logistics hub of U.S. Camp Lemonnier, with 4000 troops representing every military service. In 2017, China established its first permanent well-defended support base eight miles from Camp Lemonnier in Djibouti on nearly 250 acres with potential for a staff of 1000. How is Djibouti leveraging its patrimonial rentier system to maintain stability? What threats face continued U.S. presence in Djibouti, and what factors favor continued support of Camp Lemonnier for U.S. strategic interests?

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Driving alongside the rocky landscape of Djibouti's sparsely populated countryside, it is easy to understand why first-time visitors often liken it to the surface of the moon. In many areas, the rocks stretch for endless miles with barely a green shadow to signify that life has somehow survived in the unforgiving landscape and harsh climate. However, follow along the coastline and one is awed by the sight of palm trees and Caribbean blue-green water sparkling in the Gulf of Tadjoura, all advertising the country's most precious resource – its geostrategic location.

The United States is deeply invested in Djibouti and arguments for continued support are little understood outside of those immediately affected. This article examines Djibouti as a location in order to identify the strategic factors that support U.S. interests in Africa. We will examine four questions to better understand the importance of Djibouti to the U. S.'s strategic policy in the future.

- What geographical features favor Djibouti?
- What political and economic institutions favor Djibouti?
- What U.S. investments favor Djibouti?
- What are the threats to maintaining U.S. access at this location?

A Port Country Built Out of the Desert

Djibouti is a small country in the Horn of Africa the size of Belgium, located on the southwest shores of the Gulf of Aden, sitting beside the narrow Bab el-Mandeb strait, the

gateway to the Red Sea and the Suez Canal.¹ At its narrowest point the straight is 18 miles across between Djibouti and Yemen. An estimated 6.5 million barrels of crude oil passed through these straights in 2018, making it a key location supporting the world economy.² Djibouti has minimal natural resources, limited arable soil or vegetation, inadequate water sources to serve its population of almost one million people, and temperatures that reach 125 degrees Fahrenheit.³ Djibouti, per capita, is the most urbanized country in Sub-Saharan Africa, with about 82% of the population living in or nearby the capital. The rest practice nomadic herding and subsistent farming.⁴ Although the population rate is higher than the world average, it has significantly declined in the past three decades. Around thirty percent of the population is under the age of fifteen, and the average life expectancy is sixty-four years. The country has 248 maternal deaths per 1,000 births and the infant-mortality rate is 41.6 deaths for every one thousand births.⁵ Prime factors affecting the populations are severe malnutrition, high malaria and tuberculosis rates, and a shortage of accessible healthcare providers.⁶

Djibouti is also mostly dependent on outside sources of aid and income, and requires constant imports to feed its population, so much so that 90% of Djibouti's food supply is imported, which makes it highly dependent on international market prices.⁷ Over the past ten years, the country's gross domestic product (GDP) has grown steadily, with Djibouti having

¹ Reel, Monte, "Djibouti Is Hot: How a Forgotten Sandlot of a Country Became a Hub of International Power Games," *Bloomberg Businessweek*, March 23, 2016.

² Justine Barden, "The Bab El-Mandeb Strait Is a Strategic Route for Oil and Natural Gas Shipments," *U.S. Energy Information Administration*, August 27, 2019, <https://www.eia.gov/todayinenergy/detail.php?id=41073>.

³ World Population Review, "Djibouti Population 2020" (World Population Review, January 1, 2020), <https://worldpopulationreview.com/countries/djibouti-population/>.

⁴ "Djibouti," in *Worldmark Encyclopedia of Nations*, March 27, 2017, <http://www.encyclopedia.com/places/africa/djibouti-political-geography/djibouti#POPULATION>.

⁵ Central Intelligence Agency, "The World Factbook: Djibouti" (Central Intelligence Agency, April 1, 2020), <https://www.cia.gov/library/publications/the-world-factbook/geos/dj.html>.

⁶ Central Intelligence Agency.

⁷ World Food Programme, "Djibouti" (World Food Programme, 2017), <https://www.wfp.org/countries/djibouti>.

registered an average of 5% GDP growth for the last five years.⁸ This income is obtained primarily from three areas: Djibouti's port, rents from foreign militaries, and Djibouti's relationship with Ethiopia.

Djibouti has three main ethnic groups: approximately 60% Somali-Issas, 30% Afars, and 5-10% Yemeni-Djiboutians. The Issas and Afars have a long history of ethnic tensions throughout the Horn of Africa and this spills over into local Djiboutian affairs. The Somalis predominantly live in the southern part of the country and comprise the majority of the population. The Afar, who live in western and northern Djibouti, are part of a group originating in the "Afar Triangle," an area that includes the countries of Ethiopia, Eritrea, and Djibouti. Although the Afar are the smaller of the two groups, they have been settled in Djibouti longer.

Even though tensions have always existed between the two groups, after independence from France in 1977, Djibouti built a delicate government between the powerful Issa clan and the Afar. The Afar, favored by the French, were better educated and held more government positions of power rather than the Issa. After independence, power shifted almost completely from the Afar to the Issa when in 1979 an Issa was installed as Djibouti's first president. Tensions erupted when President Hassan Gouled Aptidon, regardless of his initial creation of a ruling coalition reaching across all the ethnic groups, installed a strict one-party state rule, dominated by the Issa community. In November 1991, after years of economic and political discrimination, the Afar-associated Front for the Restoration of Unity and Democracy (FRUD) led a rebellion against the government. Within a year of intense fighting, former President Aptidon acknowledged that a change was needed and by 1992, a new constitution was produced promising decentralization, human rights, and multiparty elections. The majority of the conflict ended by 1994 when a

⁸ The World Bank, "World Development Indicators: Djibouti" (The World Bank Group, April 9, 2020), <https://databank.worldbank.org/source/world-development-indicators>.

faction of FRUD agreed to lay down arms in exchange for a small number of government jobs. Aptidon strengthened the system of patronage politics already in place, and the system continues to the current day. In 1999 a peace agreement with FRUD assured position of Prime Minister for an Afar, and the role of President was given to an Issa. In April 2009, Ismail Omar Guelleh, an Issa, was re-elected as the second and current president. However, smaller FRUD splinter groups continued to fight until 2001, when a final peace accord was signed.

Due to years of conflict, the economic impact has been severe. During the conflict, the government rerouted funds from the social services and economic-development budget to the military budget to fulfill the needs of the military. This weakened Djibouti's economy and ultimately set back much developmental progress.

Djibouti, Built Because of Geography

Its location is the major feature that sets Djibouti apart from other African countries. This small country is located at the straits connecting the Red Sea and the Gulf of Aden, linking the Indian Ocean and the Mediterranean, making it the main maritime passage and trading route between the East and West. This meeting point between Africa and Asia has been used since 3500 BCE by the Egyptians, Phoenicians, Byzantines, and Ptolemaists. The Queen of Sheba and Cyrus the Great used the Red Sea to move treasures and develop extensive trade routes up and down the coasts of the surrounding continents, creating international trade and developing written languages. In current times, ships transiting between the Suez Canal and the Indian Ocean must pass through the Bab el-Mandeb strait, making these 18 miles of water a key choke point, through which approximately 20% of the world's trade moves.⁹ If this strait were to close,

⁹ EU (EU NAVFOR Somalia, 2020), <https://eunavfor.eu/mschoa/>.

the next closest route is around the southern end of Africa, which increases the journey from 13 days to almost 28 and significantly increases transit costs.¹⁰ The port in Djibouti is situated in an ideal location providing easy access and a sheltered anchorage.¹¹

Created to capitalize on this historic route, Leonce Lagarde, French Somaliland's first French governor, claimed this natural harbor in 1888 in the area that would become Djibouti city.¹² An anchorage was established by the French to counter-balance the British Empire and their own outpost close to the Bab al Mandeb at Aden. Construction to build a modern port by the French began in 1897. After Eritrean independence cut off access to Ethiopia's traditional ports in Assab and Massawa (both located in Eritrea) over 20 years ago, Ethiopia turned to access Djibouti's ports to export local goods, and Djibouti port activities grew at a rapid rate. The port of Djibouti also served as the shipping lane's "service station" as the Red Sea became one of the busiest shipping lanes in the world. Due to Djibouti's strategic location, port authorities were successful in turning the port into a regional hub for the Red Sea and Indian Ocean, encompassing the continents of Europe, Africa, and Asia. Another significant improvement that aided in the port's success was containerization. Containerization was one of the factors that allowed Djibouti to enter this new period of development, and in February 1985, Djibouti's first modern container terminal began operations.¹³

Containerization or container shipping is different from conventional shipping because it uses "containers" of various standard sizes to load, transport, and unload goods. This allows containers to be moved seamlessly between ships, trucks, and trains. The two most important and

¹⁰ "Sea Routes and Distances," n.d., <http://ports.com/sea-route/>.

¹¹ Aramco World, "Red Sea," *Saudi Aramco World* 14, no. 1 (January 1963): 8–10.

¹² Waters, Mark E., "Port of Djibouti," 2016, http://www.worldportsource.com/ports/review/DJI_Port_of_Djibouti_2169.php.

¹³ Port of Djibouti, "Port of Djibouti S.A.," 2016, <http://www.portdedjibouti.com/port-history/>.

most commonly used sizes today are the twenty-foot and forty-foot lengths. The twenty-foot container, referenced as a Twenty-foot Equivalent Unit (TEU), became the industry standard reference; now, cargo volume and vessel capacity are commonly measured in TEU. The forty-foot length container—literally two TEU—became known as the Forty-foot Equivalent Unit (FEU) and is the most frequently used container today.¹⁴

Djibouti's international trade is centered on its ports and the Free Trade Zone, accounting for 80–90% of the country's economy, with goods to and from Ethiopia accounting for about 70% of traffic.¹⁵ ¹⁶ In contrast, agriculture and industry are extremely limited. Between 1998 and 2007, demand for the transportation of more foreign goods to Ethiopia grew by 18%, ultimately increasing the amount of goods in and out of the Port of Djibouti.¹⁷ Within several years, the Port of Djibouti's container terminal was operating at four hundred thousand TEUs, which is considered full capacity.¹⁸ It fulfilled a relatively even balance of trade between Ethiopia and Djibouti, but did not provide much room for growth in trade.

As a result of these factors, and fearing competition from other ports on the Red Sea and the western Indian Ocean, the government of Djibouti decided it was imperative that the Port of Djibouti expand operations to fuel economic growth based on port services and transshipment. Some issues were addressed by retrofitting the port as a transshipment point for other ships. This means the port receives giant container ships and transfers the cargo to smaller ships that can deliver to smaller ports along the coasts of East Africa and the Arabian Peninsula. From there,

¹⁴ World Shipping Council, "About the Industry," *World Shipping Council*, 2016.

¹⁵ Mehdi Benyagoub, "Finding New Paths for Growth in Djibouti," *World Bank: MENA Knowledge and Learning*, no. 85 (March 2013): 1–4.

¹⁶ Djibouti Ports and Free Zones Authority, Djibouti Ports and Free Zones Authority: Home, 2019, <https://dpfza.gov.dj/about-us>.

¹⁷ Djibouti Ports and Free Zones Authority.

¹⁸ Djibouti Ports and Free Zones Authority.

goods continue to be transferred to even smaller vessels and sent out further. However, because the old port was functioning at capacity and the old quay was too short to accommodate more than one large container ship at a time, Djibouti decided to build a new port terminal in Doraleh, 8 kilometers to the south-west of the existing Port of Djibouti. Because containerized shipping accounts for about 90% of bulk cargo worldwide, and the demand for container handling in Djibouti was forecasted to increase from 1.2 to 1.8 million TEUs by 2015, the decision to find a new port terminal was sound.¹⁹

Funding for a new terminal in Doraleh came through private sector participation, which allowed the capital requirements to be raised in international markets. DP World Djibouti, a subsidiary of DP World, an Emirati state-owned company, built and managed the project. The total cost of the project was estimated at USD 396 million, of which USD 133 million was in the form of equity. One main financier of the project was the Islamic World Bank, which provided USD 65 million, reasoning that the project was worth the risk due to the strategic importance of the port as well as market demand.²⁰ Development of the new port began in December 2006 and was completed in November 2009, creating the capacity to become a regional transshipment hub serving eastern and southern Africa. In 2012, the new Doraleh Container Terminal (DCT) handled over 743,000 TEUs, double the number from the old port in 2008. The completion of DCT enhanced Djibouti's role of regional integrator, supporting the country's economic growth.²¹

¹⁹ Djibouti Ports and Free Zones Authority.

²⁰ Djibouti Ports and Free Zones Authority.

²¹ Peer Reviewers, G. Mboya De Loubassou, and ESTA Statistician, "Country Strategy Paper," 2011, <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.678.1133&rep=rep1&type=pdf>.

However, one new terminal was not enough. Djibouti sought to further upgrade the port facilities there in order to become a regional hub before competitor ports (around the horn of Africa) could open. In 2017, the Doraleh Multipurpose Port, with the capacity for an additional 200,000 TEUs as well as a roll-on/roll-off vehicle terminal with over 40,000 vehicle slots, was opened.²² In 2015, this \$590 million project was financed jointly by China Merchant Holdings (CMH) and the Djibouti Ports and Free Trade Zone authority. However, DP World had issues with this terminal, as their contract had given them a 30-year concession for any port creation.²³ ²⁴ Djibouti, from their side, alleged DP World stopped any other port development in the country as well as limited the amount of containers transiting Djibouti as they sought to build other ports in the region as well as protect their own port in Dubai.²⁵ ²⁶ Frustrated by its business partner, Djibouti passed a law in early 2018 allowing the government to alter or terminate terminal contracts unilaterally which it promptly enacted, abrogating DP World's management and operations contract at the Doraleh Container Terminal.²⁷ Although Djibouti maintains the move was necessary for its economic future, it caused future infrastructure investors to question Djibouti's trustworthiness. Despite this, it has not affected Chinese investment in ongoing projects to develop the new Djiboutian International Free Trade Zone, and the creation of additional ports in Tadjoura and Obock.

²² Offshore Energy, "Djibouti Opens New Port," *Offshore Energy*, May 25, 2017, <https://www.offshore-energy.biz/djibouti-opens-new-port/>.

²³ Africanews, "Djibouti Opens \$590m World Class Mega Port Co-Funded by China," *Africanews.Com*, May 25, 2017, <https://www.africanews.com/2017/05/25/djibouti-opens-590m-world-class-mega-port-co-funded-by-china/>.

²⁴ Abdi Latif Dahir, "A Legal Tussle Over a Strategic African Port Sets Up a Challenge for China's Belt and Road Plan," *Quartz Africa*, February 28, 2019, <https://qz.com/africa/1560998/djibouti-dp-world-port-case-challenges-chinas-belt-and-road/>.

²⁵ U.S. Department of State, "2018 Investment Climate Statements: Djibouti" (U.S. Department of State, n.d.), <https://www.state.gov/reports/2018-investment-climate-statements/djibouti/>.

²⁶ Thierry Pairault, "La China Merchants à Djibouti : De La Route Maritime à La Route Numérique de La Soie," *Espace Géographique et Société Marocaine*, 2018, 59–79.

²⁷ U.S. Department of State, "2018 Investment Climate Statements: Djibouti."

This is just one example of how strategic location affects the country's development. By upgrading the port and enlarging its capabilities, Djibouti is able to accommodate a more diverse array of vessels and, therefore, earn more revenue. The country is also highly cognizant that it has limited time to perform these upgrades and port creations in order to become the Horn's most modern port with the highest capacity. This is one reason for the increased flurry of activity over the past fifteen years. In addition to the recent upgrades, Djibouti's port complex is considered a strategic location for other countries because it is situated in the middle of a highly used shipping lane that connects Europe to Asia. Because of its location, the likelihood that the popularity of this waterway will diminish is unlikely. Djibouti's government knows this and uses it to their advantage by trying to service as many vessels as it can.

Djibouti's Political and Economic Institutions

Djibouti also benefits by being an island of security in a troubled region. Looking across the Horn, Eritrea, Ethiopia, and Somalia have all undergone disabling political unrest in the last twenty years. Across the strait, Yemen has been in the middle of a civil war since 2015. Somaliland, while stable, is still not recognized by the U.N., nor the A.U. as a separate country from Somalia, leaving it painted as a war-torn, terrorist-ridden fragile state. Eritrea, until recently, was under sanctions and likened to an "African North Korea." According to the World Bank's Worldwide Governance Indicators, which aggregates governance data from over 30 individual different data sets for six governance indicators, Djibouti is easily the most stable country in the area and the least prone to violence.²⁸ Even if the country's political stability

²⁸ The World Bank, "World Development Indicators: Djibouti."

indicator has slightly decreased the past couple of years, in comparison to its fellow neighbors, Djibouti is considered stable at a rate well above the others.²⁹

Djibouti's political stability, unique in the region, owes itself to a complex system of patronage and a neopatrimonial form of government coupled with the use of a rentier system to fund its economy. Djibouti's patronage system is deliberate and is used to spread resources across clans and ethnic groups to keep everyone receiving just enough to keep them from rising up in opposition. Government offices are determined not necessarily by merit but rather by lineage, ethnicity, and power balances.

The Government of Djibouti (GoDJ) controls all aspects of Djiboutian infrastructure and state apparatus in order to maintain the patronage balance required for the governance system to work. Djibouti has multiple state-owned enterprises running monopolies on energy, water, and telecommunications that create economic boons to those in charge but suffer from chronic inefficiencies. The GoDJ controls print, radio, television, and internet media; there are no alternate news organizations inside Djibouti.

The government is run by the ruling coalition, Rassemblement Populaire pour le Progrès (RPP) of which current President Ismail Omar Guelleh is the dominant member. President Guelleh and his government have actively courted and co-opted serious opposition members and dissidents in order to maintain the necessary political balance to ensure stability. For example, the recently deceased Minister of Investments, Ali Guelleh Aboubaker, was a founding member of the FRUD rebellion. Yet, President Guelleh brought him into government service, where Aboubaker was considered a well-respected and effective minister, eventually becoming

²⁹ The World Bank.

Guelleh's campaign manager in the 2016 election and instrumental to establishing the peace accords with the FRUD armed element in 2001.³⁰

African scholars Dele Olowu and Paulos Chanie define the neopatrimonial system as “a form of governance in which all power flows directly from the leader, while the distinction between the public and private sectors becomes vague.”³¹ This system exists next to and feeds on modern bureaucracies as well as needs income to be productive. That income is generated through rentierism, when a government receives a percentage of its monies from external rents.³² As the number of rents increase, so is the neopatrimonial system strengthened.

In its early incarnation, neopatrimonialism evolved from the “patrimonial” system where peasants, the landless, and poor urban dwellers committed themselves to a “patron” to secure a steady job, a plot of land to cultivate, material goods, wealth, or protection.³³ This traditional form of governance was accepted and clients depended on their patrons for services and resources whereas patrons needed them for their labor, which increased and secured their status and power.

Due to these expanding hierarchies controlling public resources in the form of land, schools, housing, protection, and health facilities, over time, this led to the centralization of political relations and economic activity. Political leaders in a neopatrimonial system who are striving to gain control or striving to maintain control of a state have a lot to gain. Because the

³⁰ Ougoureh Kifleh Amed, “Témoignage et Hommage Du FRUD à Titre Posthume,” *La Nation*, May 4, 2020, <https://lanation.dj/temoignage-et-hommage-du-frud-a-titre-posthume/>.

³¹ Dele Olowu and Paulos Chanie, eds., *State Fragility and State Building in Africa: Cases from Eastern and Southern Africa*, United Nations University Series on Regionalism (Switzerland: Springer International Publishing, 2016), https://books.google.com/books?id=cuDHCgAAQBAJ&pg=PA165&dq=rentier+system+Africa&hl=en&sa=X&ved=0ahUKEwi3s4H1hvfPAhXmz1QKHb_2DeIQ6AEIVDAJ#v=onepage&q=rentier%20system%20Africa&f=false.

³² Olowu and Chanie.

³³ James Scott, “The Erosion of Patron-Client Bonds and Social Change in Rural Southeast Asia,” *The Journal of Asian Studies* 32, no. 1 (November 1972): 37, <https://doi.org/10.2307/2053176>.

person who controls the government gains the opportunity to selectively take sums of money greater than anything acquired through any other type of economically productive activity, the pressure to control the state becomes overwhelming. This practice of control also allows the leader to effectively become the sole decision maker over most governmental matters.

Over time, this format benefited political leaders who were operating in a neopatrimonial system because it permitted them to come into an influential position where they simply received money. As is the case in Djibouti, the continued support of the ruling elite is key to maintaining the current political system, which is largely based on the rentier system grown first from port revenues and second from military basing rents

As noted earlier, Djibouti has multiple ethnic groups, which include multiple clans and sub-clans that have all either been bought-off or brought into the current system of patronage funded through the rentier system created by the state. Even before civil war between the Issas and the Afars started in 1991 in Djibouti, then- President Aptidon had tried to create a consensus between the various ethnic factions to obtain broader support.

After years of conflict, when President Guelleh, an Issa, was elected president in 1999, he was faced with one main issue: economic management. How does one manage a bankrupt economy while finding a source of income that would sustain it year after year? While increasing port revenue is a large part of the answer, an additional revenue opportunity came soon after the terrorist attacks of September 11, 2001, when the United States moved to set up operations in the small country.

Investments Favoring Djibouti

Revenue from foreign military bases, while exact numbers are unavailable, is an important form of income for Djibouti. When the economy was facing bankruptcy in 1999, Djibouti's political leader found a way to alleviate the situation by using Djibouti's strategic location. By offering land for rent, Djibouti's president was able to generate regular revenue because other countries' militaries were willing to pay for access to the location. In 1977, despite Djibouti's recent independence, France continued to maintain a presence. As they saw its former territory being challenged by Eritrea and Somalia, they effected a mutual defense treaty with Djibouti which also allowed them access to the port.

In 2001, following the terror attacks on September 11, 2001, the United States needed a location close to the Middle East to combat terrorism and to assist operations in Afghanistan as well as the Middle East and it was willing to pay for a good location. President Guelleh saw an opportunity to generate revenue and granted a lease to the U.S. for a base. Since then, the militaries of Germany, Italy, and Spain joined France and the United States in leasing territory for its bases, especially when pirates from Somalia started to threaten the global shipping industry. The French have historical ties that include the mutual defense treaty, and in 2003, in response to pressure from Guelleh, they agreed to pay rent to Djibouti. They currently pay the country about USD 34 million per year for rent, USD 10 million for local military spending, and about USD 25 million in economic aid.³⁴ ³⁵ Although this is not a large sum compared to other countries, due to Djibouti's size, it is enough to keep the government comfortable. Their base also provides a link between some of their remaining possessions further afield such as Reunion.

³⁴ Amedee Bollee, "Djibouti: From French Outpost to US Base," *Review of African Political Economy*, 2003, 481–484.

³⁵ David Styan, "Djibouti: Changing Influence in the Horn's Strategic Hub" (The Chatham House, April 2013), https://www.chathamhouse.org/sites/default/files/public/Research/Africa/0413bp_djibouti.pdf.

Japan arrived in 2011 and opened its first military base on foreign soil since World War II. Each base has a slightly different mission, depending on their country's requirements. The EU, including Italy, Spain and Germany as well as the Japanese, patrol against piracy.³⁶ The Italians also use their base in Djibouti to support the development of Djiboutian and Somali police, supporting regional security efforts. The United States has focused on the fight against terrorism as well as counter-piracy at times.

In 2014, the Obama administration renewed its contract with Djibouti and signed a new twenty-year lease on the base with the option to extend the deal another ten years. The Pentagon has invested nearly USD 1 billion to upgrade the camp and its surrounding facilities, solidifying the DOD's vision of a major regional base supporting operations throughout Africa, the Arabian Peninsula, and the Indian Ocean. This lease renewal reinforced strategic ties between the two countries, and confirmed their strategic partnership. Currently, the United States pays Djibouti around USD 63 million a year for the installation's rent, which is more than double the current leasing fees of other bases, due to the United States' expanded military operations.

More recently, China has entered the picture supporting peacekeepers, maritime security, and humanitarian missions. Only a year after the United States signed their long-term lease agreement, China requested land to build a new military base and Djibouti subsequently agreed to this proposal. China then built a military installation, its first military overseas outpost, about eight miles from the U.S. base. The base opened on August 1, 2017 and is used as a support facility for the missions mentioned above.³⁷

³⁶ Vandiver, John, "China Looks to Join US, France with Military Base in Djibouti," *McClatchy-Tribune Business News*, May 12, 2015, <http://www.stripes.com/news/africa/china-looks-to-join-us-france-with-military-base-in-djibouti-1.345715>.

³⁷ Tyler Headley, "China's Djibouti Base: A One Year Update China's First Overseas Military Base Provides an Interesting Test Case for Its Global Ambitions.," *The Diplomat*, December 4, 2018, <https://thediplomat.com/2018/12/chinas-djibouti-base-a-one-year-update/>.

U.S.-leased military base Camp Lemonnier is one of the largest bases in the Horn of Africa and is the only U.S. enduring base in Sub-Saharan Africa. It contains over four thousand U.S. military members and civilians and is a hub for counterterrorism, contingency, and anti-piracy operations. Originally a French Foreign Legion camp handed over to the Djiboutian military; Camp Lemonnier was only ninety-seven acres and contained the most basic equipment for limited numbers of troops. When the United States signed the base agreements in 2001, it was unknown how long they would remain in Djibouti.

U.S. leaders' soon realized the strategic benefits of a base's in Djibouti. Today, Camp Lemonnier directly supports the efforts of four Combatant Commands, including U.S. AFRICOM, CENTCOM, SOCOM, and TRANSCOM and has developed into a diverse military powerhouse. Home to the Combined Joint Task Force-Horn of Africa (CJTF-HOA), a Voice of America transmitter, a sprawling logistics hub, and the 150-member East Africa Response Force responsible for handling future threats to diplomatic personnel abroad as well as other tenant units, the base supports multiple efforts.³⁸

The base size has increased from eighty-eight acres to nearly five hundred acres over the past several years, with 20 new facilities constructed on the camp to include two taxiways, headquarters and training facilities, a power plant, a water production and distribution center, a wastewater treatment plant, a permanent galley, barracks blocks, and recreation facilities.³⁹ Meanwhile construction continues on a new expanded medical facility. Camp Lemonnier itself is built on the south side of Djibouti International Airport's runway. This runway access is a

³⁸ Reel, Monte, "Djibouti Is Hot: How a Forgotten Sandlot of a Country Became a Hub of International Power Games."

³⁹ CNIC HQ, "Cape Lemmonier, Djibouti: History," 2020, https://www.cnic.navy.mil/regions/cnreurfcent/installations/camp_lemonnier_djibouti/about/history.html.

fundamental portion of the U.S. Access Agreement, enabling personnel and logistics movements via air transport. Completing U.S. access to a multi-modal logistics hub, the Port of Djibouti provides pier space supporting naval ships from the United States, Japan, the EU, NATO, China, Saudi Arabia, and others.⁴⁰

While it is possible the United States would choose not to renew its lease for another ten years, it is fairly certain the U.S. has no intention of leaving just yet. The base allows access to the Bab el-Mandeb, the Middle East, and East Africa. The infrastructure necessary to support operations is already largely in place. The military uses Djibouti's Doraleh Container Terminal, the Horizon Oil Terminal and the Old Port for resupply. Some worry that China could take over control of DCT after Djibouti took managerial operational control of the port following the contract abrogation with DP World.⁴¹ However, that has not come to pass.

Washington D.C. has signaled its intent to stay in Djibouti through money alone. The amount of investment already in place would be difficult to match elsewhere in the near term, and ongoing construction projects demonstrate the desire for continued presence. Along with the sunk costs, there is also a time requirement in building bases and capabilities. To rebuild the capabilities of Camp Lemonnier elsewhere would require not only hundreds of millions of dollars, but also a significant amount of time in negotiations, construction, and operations, as well as creating the problem of finding a location that allows the same strategic relevancy.

⁴⁰ Port of Djibouti, "Port of Djibouti S.A."

⁴¹ Patrick Martin, "Could China Squeeze the U.S. Out of Its Only Permanent Military Base in Africa?," *The Washington Post*, December 15, 2018, <https://www.stripes.com/news/africa/could-china-squeeze-the-us-out-of-its-only-permanent-military-base-in-africa-1.560822>.

Threats to U.S. Access

The U.S. has enjoyed a relatively stable strategic advantage in the region due to its close ties with Guelleh's neopatrimonial government. However, two potential threats to U.S. strategic interests in Djibouti have emerged. These threats include an increase in Chinese presence and possible destabilization of the government through regional economic shifts.

The first most widely discussed threat is the increase of Chinese presence both militarily and economically in the country in ways that could potentially provide a competitive advantage over U.S. interests. In the years since China opened its base, the continued proximity of their troops combined with China's economic ties to Djibouti has caused some consternation for U.S. policy makers. In the global power competition between the U.S. and China, this is the only geographic location where each country bases their militaries within just a few miles of each other. As Djibouti must now cater to these competitive actors with less dependence on U.S. influence alone, the U.S. faces the potential shrinking of its freedom of maneuver within the country as more militaries compete for training areas, runway, airspace and other infrastructure. On the economic front, there is a fear that Djibouti's increasing debt to China may also cause it to become ensnared in China's "debt-trap" diplomacy, whereby Djibouti's infrastructure, particularly its ports, could be handed over to the Chinese if the country cannot repay its loans.

These concerns, if potentially overblown, are not entirely without merit. Worrying incidents like the lasing of U.S. pilots on approach to Djibouti's airfield from the Chinese military base have drawn concern about the U.S. military operating in such close quarters with the Asian nation. In May of 2018, the U.S. DoD stated no more than 10 incidents of this act occurred, one leaving two cargo aircraft crew members with minor eye injuries.⁴² The U.S. noted

⁴² BBC News, "US Accuses China of Pointing Lasers at Its Pilots from Djibouti Base," *BBC News*, May 4, 2018, <https://www.bbc.com/news/world-asia-china-43999502>.

that some of these incidents included military grade lasers and took them very seriously, which led to a demarche of the Chinese.⁴³ China claimed that it had no part in any such incidents, although its participation in such activities has also been reported by U.S. and Australian pilots in the South China Sea.⁴⁴

While the lasing incidents are serious, they have not as of yet caused any crashes or serious damages that would elevate concern. However, they illustrate that the threat remains that incidents like this between weapons-bearing troops of either side could potentially escalate into something more substantial, leading to large scale global repercussions. Another concern for U.S. lawmakers and security specialists is likelihood of intelligence gathering activities by the Chinese on U.S. military operations. There have already been accusations of the Chinese attempting to gain access to the U.S. base, and with bases just miles apart it makes access easier.⁴⁵

While the Chinese military base itself is seen as a potential threat to U.S. interests, the far greater risk is the potential economic stranglehold China has on Djibouti's economy and therefore its political system. Even though China pays rent for its base, Djibouti's increasing reliance on China for financing infrastructure projects has left the small country heavily indebted to its Asian partner. As discussed above, China financed The Doraleh Multipurpose Port, a project that opened a new Djiboutian port terminal up to China. This is one project out of a

⁴³ Idrees Ali, "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/u-s-complains-to-china-after-laser-incident-in-djibouti-idUSKBN1I429M>.

⁴⁴ Lisa Martin, "Australian Navy Pilots Hit with Lasers During South China Sea Military Exercise," *The Guardian*, May 29, 2019, <https://www.theguardian.com/australia-news/2019/may/29/australian-navy-pilots-hit-with-lasers-during-south-china-sea-military-exercise>.

⁴⁵ Andrew Jacobs and Jane Perlez, "U.S. Wary of Its New Neighbor in Djibouti: A Chinese Naval Base," *The Washington Post*, February 25, 2017, <https://www.nytimes.com/2017/02/25/world/africa/us-djibouti-chinese-naval-base.html>.

myriad of projects which have led to Djibouti's increasing debt to the Chinese. From 2015 to 2017, Djibouti's public debt rose from 50% to 85% of GDP, with China owning the majority share.⁴⁶ This amount will likely continue to grow in the future as Djibouti continues its infrastructure development projects. China is the primary donor for these types of investments as the U.S. and other western donors are often unwilling to finance these types of ventures.

The Djiboutians are quick to point out that these debts are largely for infrastructure projects, which will increase its economic capacity, and that other entities are unwilling to finance. However, there is a real fear by the International Monetary Fund that Djibouti could find itself in debt distress in the near future, if it continues on its current path.⁴⁷ With such a large debt owed to a country accused of predatory lending practices and debt-trap diplomacy, there is an argument to be made that Djibouti's political and economic decisions could be held captive by China. These decisions would then favor Chinese interests over those of the U.S. on a myriad of issues, including those effecting U.S. military operations, logistics, and exercises occurring in Djibouti.

One such example of why the U.S. fears Chinese interference in Djibouti's economic and political landscape centers around Djibouti's port infrastructure. There are many people who draw a parallel between Djibouti and Sri Lanka, where Sri Lanka was forced to forfeit their port in Hambantota to the Chinese when they could not repay the loan.⁴⁸ As in Djibouti, which relied on Chinese financing to modernize its port, Hambantota was also financed by the Chinese. To the U.S., there are concerns about what could transpire with Djibouti's ports if debts cannot be

⁴⁶ Mabel Nizar, "Djibouti Needed Help, China Had Money and Now the U.S. and France Are Worried," *Bloomberg*, April 6, 2019, <https://www.bloomberg.com/news/features/2019-04-06/djibouti-needed-help-china-had-money-and-now-the-u-s-and-france-are-worried>.

⁴⁷ Nizar.

⁴⁸ Maria Abi-Habib, "How China Got Sri Lanka to Cough Up a Port," *New York Times*, June 25, 2018, <https://www.nytimes.com/2018/06/25/world/asia/china-sri-lanka-port.html>.

met. The potential loss of a port to China raises a huge red flag for U.S. interests, in particular the potential loss of port and ship berthing access. Keeping troops in Djibouti forces U.S. supply lines to be centered around and dependent on continued access to Djibouti's ports. If China becomes the powerbroker in this area, they would be able to cut off U.S. supply lines.

Despite the military and economic friction that China's presence in Djibouti creates for the U.S., it is not time to concede defeat just yet. First, a withdrawal of the U.S. from Djibouti simply due to the presence of a Chinese military base could set a dangerous precedent, sending a message that the U.S. will not remain where China gains a foothold. Second, a military showdown is unlikely, given that a number of foreign militaries, to include France, Italy, and Japan, share access to the country and would likely assist in advocating for a shared set of institutionalized rules of decorum for operating inside the country. Additionally, while the debt issue will not go away anytime soon, most countries in Africa are starting to see their debts to China increase, so it is unlikely to find a desirable location where this would not be an issue. The Chinese are willing to finance infrastructure projects that Africa desperately needs but in which most Western countries are unwilling to invest. While the U.S. should be concerned about Chinese actions and intentions in Djibouti, it still has the largest military base and, with like-minded partners, it has considerable leverage through the rents it pays Djibouti to retain significant global power in the region.

The second threat to U.S. strategic interests is potential political instability in Djibouti rising from economic degradation through the opening of other competitive ports in the Horn of Africa. Port facilities in neighboring countries in the recent past were largely either unavailable for use or nonexistent, leaving Djibouti as the sole economic benefactor of port activity in the region. This economic windfall allowed the country's neopatrimonial and rentier systems (which

have kept the country stable) continue to develop and therefore attractive to the U.S. for basing activities. However, that economic windfall and port situation could soon change. Currently, surrounding countries, especially Ethiopia, are forced to use Djibouti's port.

Ethiopia has been looking to lessen its dependence on Djibouti, which collects at least USD 300 million in port fees from them every year. As Ethiopia's economy has expanded, they have also grown concerned about ever-increasing import fees as well as the number of foreign forces "managing" Djibouti. In the near future, land-locked Ethiopia may have more port options. In 2016, United Arab Emirates owned DP World, a logistic company operating out of Dubai, secured a thirty-year deal to run and manage the Port of Berbera in the unrecognized Republic of Somaliland. DP World would manage 65% of the project, which would leave the acting government of Somalia with the remaining 35%. The company invested around USD 442 million into the Berbera port undertaking. As previously mentioned, there are strained relations between DP World and the Doraleh Container Port in Djibouti due to Djibouti terminating DP World's contract in 2018. For this reason, there is incentive for DP World to get this facility up and running quickly. However, a heavy investment into the transportation infrastructure of Somalia would also be necessary to ensure the ability of onward movement once containers are unloaded.

Another possibility are the old traditional ports, which already exist in Eritrea to the north. Ethiopia and Eritrea have had a long history of conflict that ultimately led to cold relations between the two countries. The Eritrea/Ethiopia border war started in 1998 and resulted in closed water access for Ethiopia, which was crucial for their Navy and commercial ships.⁴⁹ However; in

⁴⁹ Makeda Saba, "The Revival of Ethiopian Navy, the Horn of Africa, the Red Sea, Regional Power Dynamics," *African Express*, January 24, 2020, <https://www.africa-express.info/2020/01/25/the-revival-of-ethiopian-navy-the-horn-of-africa-the-red-sea-regional-power-dynamics/>.

2019, a peace deal brokered by Ethiopian Prime Minister Abiy Ahmed, led to a renewal of collaborations, including re-establishing telecommunications and air transport links, opening of land borders and lifting of UN sanctions on Eritrea.⁵⁰ If Djibouti's port customers were to find services elsewhere, such as in the Berbera Port in Somaliland or the Assab and Massawa Ports in Eritrea, Djibouti's stable income could be challenged. Both of these ports are tentatively scheduled to be fully operational in an estimated five years. Once open for operations, these ports could mean competition for Djibouti in the near term, where Djibouti could possibly quickly enter an economic decline. Such a decline could decrease the current rents, or even threaten the country's political stability, which is a critical factor in the security and continuation of U.S. operations in the area.

The idea of opening a Somaliland or Eritrean port is appealing to neighboring countries for several reasons. Somaliland has a developing government and an emerging, stable economy. Although it is an autonomous region that is not globally recognized, the region currently has limited problems and is English speaking.⁵¹ Eritrea on the other hand, with its recently ended conflict, is currently focused on looking for opportunities in economic development and regional stability. One of Eritrea's priorities is to recover its relationship with Ethiopia and re-establish trade, transportation and communications links. If all goes as planned, both Somaliland and Eritrea will be new regional competitors for Djibouti in the near future, which puts the U.S. in the position of operating in a country of economic decline looking to potentially recoup its losses by increasing basing rents. If Djibouti cannot replace this lost income, it could also leave the U.S. open to the whims of a changing political climate unable to maintain stability through its

⁵⁰ John Calabrese, "The Bab El-Mandeb Strait: Regional and Great Power Rivalries on the Shores of the Red Sea," *Middle East Institute*, January 29, 2020, <https://www.mei.edu/publications/bab-el-mandeb-strait-regional-and-great-power-rivalries-shores-red-sea>.

⁵¹ Calabrese.

current patronage network. There is also the possibility that these new ports could allow other competitor nations to open military bases in the region. However, Djibouti is acutely aware that its port monopoly will not last forever, which is one reason it has been acting so deliberately to update its port infrastructure to remain competitive.

Conclusion

The almost perfect location of Djibouti along the Bab el-Mandeb Strait, combined with its accessibility and its stability, made it a great choice for the jump-off point of U.S. troops in the region when Camp Lemonnier was established in 2001 as an expeditionary military camp. Since then, the importance of the locale led to the build-up of Camp Lemonnier into semi-permanent site that more closely resembles a permanent base in 2020. Movement of U.S. forces and basing infrastructure to another location would take years and likely incorporate locations not as stable or ideally located as Djibouti.

Nonetheless, one has to also consider the challenges associated with the U.S. being in Djibouti. One major downside to maintaining any large endeavor overseas are the costs. The U.S. is gambling that Djibouti's stability, based on the rentier system, will remain within a region that is historically rather unstable.

A second challenge is the time and side effects associated with potentially moving to a new location, should the current locale become unsuitable. Changing bases or shifting locations cannot be completed overnight. In order to relocate, processes and procedures have to be in place, temporary structures have to be erected and operational requirements have to be followed in order to maintain the same military capabilities throughout the movement process. One has to also consider how the potential move could affect both country's relationship with each other. If

the United States were to depart Djibouti for another country, more than likely, that would negatively influence the U.S' future relationship with Djibouti. As stated before, the United States would have to seriously consider its requirements in order to determine what capabilities it could lose and for how long if it decided to remove itself from Djibouti entirely.

A third challenge is imaging. As discussed in our paper, the United States does not appear interested in leaving Djibouti, even though Djibouti's weak political system appears authoritarian leaning despite having democratic trappings. This could be problematic, as some parties would see the U.S. as supporting an Authoritarian government through its military rents. While this has yet to be an issue, it is not altogether unrealistic concern.

However, there are opportunities for U.S. interests in Djibouti, which include potential development in the Horn of Africa and easier coalition building. While new potential ports could threaten Djibouti and their annual income, this could be an opportunity for the US to find additional service elsewhere along the coast as well and to develop new relationships that previously proved to be difficult. Ports in Somaliland and Eritrea could also offer great competition, by potentially driving down service prices, which in turn could be cost-beneficial for the United States. The introduction of a Chinese base in Djibouti may not be ideal, but the welcoming attitude of Djibouti to the establishment of other military bases and operations allows the U.S to work with several of its partner nations side by side every day, as well as to build closer relationships with key allies like France and Japan.

Last, some potential threats to U.S. interests in Djibouti include China's increasing engagement in the country and rapprochement between Djibouti's neighbors. This could potentially affect Djibouti's economic livelihood as well as its overall continued stability. Maintaining a U.S. military base while the Chinese build up a military presence close by could

also be dangerous. However, the costs of leaving Djibouti are, at least in the current environment, even higher than the risks. Beyond the loss of money already poured into Camp Lemonnier, it would send a dangerous signal that the U.S. will simply cede ground to competitor nations if it feels even slightly threatened. It would also leave the U.S. without permanent access to key sea lines of communication in a volatile region where it is currently running operations.

To return to the questions originally posed, we argue the following:

- The geographic features that favor Djibouti for US strategic interests are the location, ideally positioned near a waterway that runs from Europe to Asia and that is near the Middle East oil reserves.
- Political and economic institutions that favor Djibouti include the patrimonial rentier system, which has resulted in a relatively stable political environment.
- U.S. capital investments that have converted Camp Lemonnier from a temporary post to one with significant permanent infrastructure that favor staying in Djibouti.
- China's new base in Djibouti poses some threat to maintaining U.S. access, but other benefits outweigh them.

In conclusion, when looking at the costs, it is clear the United States only has one choice, and that is to remain in Djibouti, at least for the near future. Keeping an eye out for alternate locations is just good business sense, but for now, the United States must continue to embrace its relationship with this small country filled with the austere beauty of unique geological formations juxtaposed with the sparkling waters showcasing its auspicious location within the world's trade routes.

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