Africa

PORT IN THE DESERT

DJIBOUTI AS INTERNATIONAL LESSOR

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Currently an island of stability in a troubled region, Djibouti remains among the few places that could host a US military base. Yet, in an era of increasing global competition, many argue the United States should find other options. But given Djibouti's location, relative stability, and the capabilities already emplaced, even as the United States can and should look at all the options, Djibouti will remain strategically important in the years to come.

As the United States looks to maintain global power projection in the face of its strategic competitors, future basing considerations should be predicated on strategic access. The US military base at the port of Djibouti provides critical logistics access to the Bab el-Mandeb Strait, the Gulf of Aden, and other key locations in the region. Despite the potential threats posed by China's new People's Liberation Army Navy base and threats presented by potential economic instability as other ports in the region reestablish and expand, the United States must embrace a relationship with Djibouti built on the view of a long-term partnership. Even as the United States should consider potential options to diversify its basing strategy, Djibouti will remain a key component in any basing operation within the Horn of Africa given the political, infrastructure, and access constraints elsewhere.

Background

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 moon's surface. 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. But further along the coastline, the palm trees and Caribbean blue-green water of the Gulf

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of Tadjoura emerge, advertising the country's most precious resource—its geostrategic location.

The United States is deeply invested in Djibouti, but arguments for continued support to this small nation in the Horn of Africa are little understood outside those immediately affected. To some, the calculus appears easy—simply move somewhere else with cheaper rents and fewer foreign military bases—as of early 2021 there were seven.[1] Yet while there are drawbacks to the location, including potentially destabilizing economic shifts and the 2017 opening of China's first overseas military base, Djibouti's geographic placement and relative stability underscore why the country remains the most strategic and stable option for US military assets in the region.

First, Djibouti is located at the narrowest choke point of the strategic Bab el-Mandeb Strait where access is a key US national interest. Second, despite a rentier government based on port fees and base leases, the country remains politically stable, a necessary trait for long-term agreements. And although these aspects can be threatened, such as through global competitors encroaching on the space or economic changes creating the potential for political instability, Djibouti remains the most viable option in the region to maintain US capabilities.

Strategic Location: Bab el-Mandeb Strait

Djibouti, the size of New Jersey, is a small country in the Horn of Africa located on the southwest shores of the Gulf of Aden, adjacent to the narrow Bab el-Mandeb Strait—a mere 18 miles wide at its narrowest point and the gateway to the Red Sea and the Suez Canal. Its strategic importance to the United States stems from a lack of other viable options in the vicinity to support US operations and freedom of maneuver, making the country a key node in counterterrorism efforts and protecting US interests in the region.

Positioned between the Arabian Peninsula and the Horn of Africa, the strait is the major feature that sets Djibouti apart from other African countries. Bab el-Mandeb connects the Red Sea and the Gulf of Aden and links the Indian Ocean and the Mediterranean, making it the main maritime passage and trading route between the East and West halves of the globe (fig. 1). This meeting point between Africa and Asia has been used since 3,500 BCE by multiple civilizations, including the Egyptians, Phoenicians, Ptolemaists, and Byzantines, to move treasure and develop extensive trade routes up and down the coasts of the surrounding continents.

1. Zach Vertin, *Great Power Rivalry in the Red Sea: China's Experiment in Djibouti and Implications for the United States*, Global China Series (Washington, DC: Brookings, June 2020), 17, https://www.brookings.edu/; Michael Rubin, "It's Time the Pentagon Finds an Alternative to Djibouti," *National Interest* (website), August 25, 2019, https://nationalinterest.org/; and Nigusu Adem Yimer, "How Djibouti Surrounded Itself by Military Bases," Politics Today, March 17, 2021, https://politicstoday.org/.

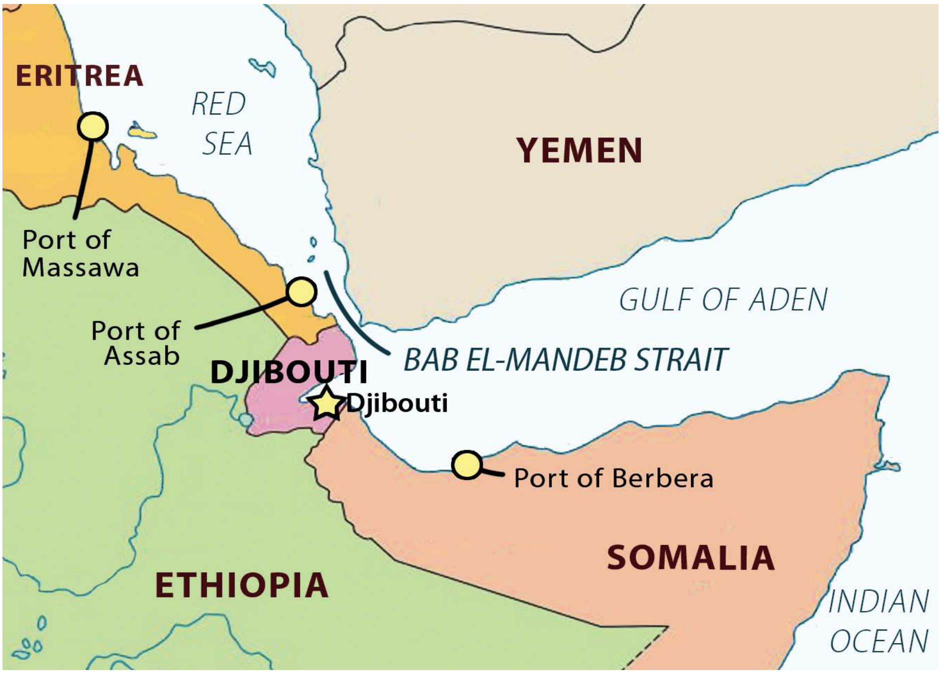

Figure 1. Horn of Africa and Bab el-Mandeb Strait

Today, ships transiting between the Suez Canal and the Indian Ocean must pass through the strait, making this waterway a key choke point. Approximately 30 percent of the world's trade moves through this critical waterway.[2] If Bab el-Mandeb were to close, the next closest route is around the southern end of Africa—an increase from 11 to almost 26 days, depending on the departure and arrival ports, with attendant increased transit costs.[3]

In terms of the global economy, an estimated 6.2 million barrels of crude oil passed through Bab el-Mandeb in 2018, making it a key location supporting the world economy.[4] Djibouti has minimal natural resources, limited arable soil or vegetation, and temperatures that reach 125 degrees Fahrenheit, leaving its geostrategic location among its most valued resources.[5] And while Djibouti, Eritrea, Sudan, Somalia, and Yemen all serve as access points to the strait, Djibouti emerges as the only viable option and long-term solution.

2. Andres Schipani, "Djibouti's Port Dream to Become the 'Singapore of Africa,' " *Financial Times*, June 1, 2021, https://www.ft.com/.

3. Peter S. Goodman and Stanley Reed, "With Suez Canal Blocked, Shippers Begin End Run around a Trade Artery," *New York Times*, March 29, 2021, https://www.nytimes.com/.

4. Hannah Kuperman, "Securing the Bab El-Mandeb: Can Threats to the Red Sea Drive Regional Cooperation?," (Washington, DC: Gulf International Forum, April 1, 2021), https://gulfif.org/.

5. "Djibouti Population 2020," World Population Review, January 1, 2020, https://worldpopulationreview.com/.

Protection of Interests

Camp Lemonnier—originally a French Foreign Legion camp that was handed over to the Djiboutian military after independence—was built on the south side of the Djibouti-Ambouli International Airport runway. Leased by the United States in 2001, it is one of the largest bases in the Horn of Africa and is the only enduring US base in sub-Saharan Africa. Maintaining freedom of navigation and power projection are two of several missions aimed at protecting US interests. Camp Lemonnier is a hub for counterterrorism, contingency, and antipiracy operations, and is a resupply location for US troops in Africa.[6]

The base also serves as a platform to promote a standard of cooperation with fellow Western countries. By holding joint exercises, such as Exercise WAKRI 22, French and US soldiers benefit by conducting realistic training in areas such as communication, amphibious assault skills, and command and control across the Djiboutian countryside.[7] Building skills, cooperation, and camaraderie also help solidify ties against outsiders such as China or Russia.

Additionally, the United States protects its interests through the base by using it to support Washington's public diplomacy, including a Voice of America station and bilateral aid. The Voice of America station at Camp Lemonnier broadcasts 24 hours daily to West Asian and African audiences in English, French, and Arabic. The United States provided over $14 million in aid to Djibouti in FY2021, and the $16 million requested in FY2023 included $9 million in developmental aid and $6 million in military aid in addition to funding allocated specifically for security assistance.[8] These efforts together bolster the image of the United States in the country.[9]

The factors that made Djibouti an attractive partner over 20 years ago—location with proximity to the Horn of Africa and the Arabian Peninsula, a stable government willing to host US troops and operations, and access to an acceptable port along a major shipping route—remain today. Therefore, unsurprisingly, in 2014, the Obama administration renewed its contract with Djibouti and signed a new 20-year lease on the base with the option to extend the deal another 10 years.[10]

Since then, the Pentagon has invested almost $1 billion to upgrade the camp and its surrounding facilities, solidifying the Department of Defense's vision of a major regional base supporting operations throughout Africa, the Arabian Peninsula, and the

6. Tshepo Gwatiwa and Justin van der Merwe, eds., *Expanding US Military Command in Africa*, 1st ed. (London: Routledge, 2020), 133–34.

7. Blake Wiles, "Task Force Red Dragon Soldiers Join French-Led WAKRI 22," US Army Public Affairs, April 8, 2022, https://www.army.mil/.

8. Lauren Ploch Blanchard, "Djibouti," CRS IF11303 (Washington, DC: Congressional Research Service, August 2, 2022), https://crsreports.congress.gov/.

9. Gwatiwa and van der Merwe, *Military Command*.

10. Eric Schmitt, "U.S. Signs New Lease to Keep Strategic Military Installation in the Horn of Africa," *New York Times*, May 6, 2014, https://www.nytimes.com/.

Indian Ocean.[11] This lease renewal reinforced ties between the two countries and confirmed their strategic partnership. Currently, the United States pays Djibouti about $63 million annually for the installation's rent, which is more than double the current leasing fees of other bases, due to expanded US military operations.[12] While it is too early for the United States to commit to lease past 2034, it appears it has no intention of leaving just yet.

Washington has signaled its intent to stay in Djibouti through money alone—ongoing construction projects demonstrate a mutual desire for a continued US presence in the country. Even if this were not the case, the amount of investment already in place would be difficult to replicate elsewhere in the near term: rebuilding the capabilities of Camp Lemonnier would require hundreds of millions of dollars and years of negotiations, construction, and operations—building bases and capabilities takes time, not to mention forgoing sunk costs. And perhaps most challenging, such a determination would require finding a similarly strategically relevant location.

Stability among the Unstable

Djibouti is located in a difficult neighborhood. Its neighbors in the Horn—Eritrea, Ethiopia, and Somalia—have undergone disabling political unrest throughout the last 20 years. Indeed, the United States has imposed continuous sanctions on Somalia, Eritrea, and Yemen, and all five countries, except for Djibouti, are mired in ongoing, continual conflict. Eritrea is under financial sanctions and likened to an "African North Korea." And Somaliland, while stable, is still not recognized by the United Nations (UN) or the African Union as a separate country from Somalia, leaving it painted as a war-torn, terrorist-ridden fragile state. Across the strait, Yemen has been in the middle of a civil war since 2015.

Despite a slight decrease in recent years in its political stability indicator, Djibouti remains an anchor of stability in a volatile region.[13] Internally, interethnic conflict is limited, the capital is safe compared to other African cities, and no capable separatist movements threaten the country.[14] Djibouti maintains its stability through three main facets: political institutions, the Port of Djibouti, and rents from foreign military bases.

Political Institutions

Djibouti's political stability is rooted in a complex system of patronage, its neopatrimonial form of government, and its rentier state status. Djibouti's deliberate patronage system spreads resources across clans and ethnic groups: everyone receives just

11. Rubin, "Alternative to Djibouti."
12. Schmitt, "New Lease."
13. "World Development Indicators: Djibouti," World Bank Group, April 9, 2020, https://databank.worldbank.org/.
14. Bertelsmann Stiftung, *BTI 2022 Country Report* (Gütersloh, Germany: Bertelmann Stiftung, 2022), https://bti-project.org/.

enough to keep them from rising in opposition.[15] Government offices are determined not necessarily by merit but by lineage, ethnicity, and power balances.[16]

The Government of Djibouti controls all aspects of Djiboutian infrastructure and state apparatus to maintain the patronage balance required for the governance system to work. The ruling coalition, Rassemblement Populaire pour le Progrès, led by President Ismail Omar Guelleh, has actively courted and coopted opposition members and other ethnicities to maintain the necessary political balance, thereby ensuring stability.[17]

The neopatrimonial system has been defined 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."[18] This system exists next to and feeds on modern bureaucracies and needs income to be productive. That income is generated through rentierism—when a government receives a percentage of its monies from external rents.[19]

As the number of rents increases, the neopatrimonial system strengthens. An example of this would be Djibouti buying electricity from Ethiopia at a certain price but reselling it to the local community at an increased price to ensure the government maintains the appropriate amount of rent. Accordingly, Djibouti's base-leasing options are a part of the support network for the rents needed to solidify its neopatrimonial system.

Over time, Djibouti's political leaders, who benefit financially from this system, have brought many different ethnic groups and even opposing political parties into the rent system. These groups have limited interest in reversing the current balance of power, provided they all continue getting their share.[20] Moreover, previous attempts at betraying the ruling party have resulted in harsh consequences.[21] The ruling elite, then, is key to maintaining the current political system that is largely based on the rentier system grown first from port revenues and second from military basing rents.

There are of course, legitimate criticisms of US rents supporting an authoritarian regime ruling under a democratic guise. Djibouti has development challenges, including high rates of severe malnutrition and poor health infrastructure. But its rank of 166th on the 2022 United Nations Human Development Index report places Djibouti

15. Stiftung, *BTI 2022*, 11.

16. Jan Philipp Wilhelm, "Tiny but Mighty: Djibouti's Role in Geopolitics," Deutsche Welle, August 4, 2021, https://www.dw.com/.

17. Stiftung, *BTI 2022*, 11.

18. 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 (Cham, Switzerland: Springer International Publishing, 2016), 164.

19. Olowu and Chanie, *State Building*.

20. Stiftung, *BTI 2022*, 12; Wilhelm, "Tiny but Mighty"; and Jean-Pierre Cabestan, "African Agency and Chinese Power: The Case of Djibouti," Policy Insights (Johannesburg, South Africa: South African Institute of International Affairs, October 1, 2020), 3, https://www.jstor.org/.

21. Stiftung, "BTI 2022," 11.

ahead of all its neighbors.[22] And although Djibouti's Global Freedom Score is only 24, in this measurement, it outperforms its neighbors, except Somaliland.[23]

Port of Djibouti

Capitalizing on an idea to provide land-locked Ethiopia with a maritime outlet, in 1897, Djibouti (France) started work on the Ethio-Djibouti Railway and the port, which grew quickly following the completion of the rail line in 1917.[24] Soon after the construction of a container terminal in 1985, the Port of Djibouti was operating at full capacity.[25]

When Eritrean independence cut off Ethiopia's traditional port access more than 20 years ago, Djibouti's port activities grew rapidly. The country's international trade is centered on its ports and the Free Trade Zone, accounting for 80–90 percent of the country's economy. From 1998 to 2007, demand for the transportation of more foreign goods to Ethiopia grew by 18 percent, ultimately increasing the amount of goods in and out of the Port of Djibouti.

As a result, the government of Djibouti decided the port needed to expand operations to fuel economic growth based on port services and transshipment.[26] DP World Djibouti, a subsidiary of Emirati-owned DP World, constructed a new container terminal in Doraleh, eight kilometers southwest of the existing Port of Djibouti. After the terminal was completed in 2009, Djibouti became a regional transshipment hub serving eastern and southern Africa.

As transshipment and trade increased, Djibouti sought to further upgrade new port facilities to become a regional hub before competitor ports (around the Horn of Africa) could open. In 2017, the Chinese-financed Doraleh Multipurpose Port, intended to help triple Djibouti's per capita income by 2035, opened for business.[27] Djibouti's ambitions continued to grow, and in 2020, the country implemented the Port-Park-City model.

This model encourages: (1) the full integration of the country's ports that transport goods; (2) the industrial parks (refers to the international free trade zone that brings value to these goods); (3) and the services that facilitate the financial transactions of

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22. Human Development Reports, "Human Development Insights," UNDP, December 15, 2020, https://hdr.undp.org/.

23. Reporters Without Borders, "2020 World Press Freedom Index: Djibouti," 2020, https://rsf.org/.

24. Damelys Delgado, "A Safe Harbor in Djibouti," OPEC Fund for International Development (website), July 1, 2013, https://opecfund.org/; and Colette Dubois, "Historique des Relations Franco-Djiboutiennes jusqu'à l'indépendence (1977)," La France en Republique de Djibouti: Ambassade de France à Djibouti (website), last updated August 13, 2020, https://dj.ambafrance.org/.

25. Port of Djibouti, "Port of Djibouti."

26. Shilavadra Bhattacharjee, "7 Major Ports and Terminals in Djibouti," Marine Insight, May 5, 2022, https://www.marineinsight.com/.

27. Offshore Energy, "Djibouti Opens New Port," Offshore Energy, May 25, 2017, https://www.offshore-energy.biz/.

those goods.[28] Today the port serves as the shipping lane's "service station" as the Red Sea is one of the busiest shipping lanes in the world, encompassing Europe, Africa, and Asia.[29]

In addition to the Doraleh Container Terminal, the Horizon fuel terminal, and the Doraleh Multipurpose Port, which is now fully connected to the Addis Ababa-Djibouti railway, Djibouti has developed the ports of Ghoubet and Tadjourah, while also developing the Djibouti Damerjog Industrial Park. As a result of these investments, the Port of Djibouti was ranked the top port in sub-Saharan Africa in the World Bank's Container Port Performance Index in 2021.[30]

The country's leadership knows it has limited time to perform upgrades and create additional port concessions to remain the Horn's most attractive port with the highest capacity as potential ports in Eritrea and Somaliland are increasingly viewed as viable options.[31] Because of its location, the popularity of this waterway is unlikely to diminish. Djibouti's government uses its location advantage by accommodating as many vessels as possible. Upgrading the port and enlarging its capabilities will allow Djibouti to accommodate a more diverse array of vessels, increasing revenue, and thus maintaining the current rentier system and the country's stability.

Military Base Rents

Revenue from foreign military bases, estimated to be $119–128 million, is an important form of income for Djibouti.[32] When the economy faced bankruptcy in 1999, Djibouti's political leader capitalized on the country's strategic location, offering land for rent to foreign militaries.[33] Following the terror attacks on September 11, 2001, the United States needed a location near the Middle East to combat terrorism and assist operations in Afghanistan and the Middle East, and it was willing to pay.[34] After this, other countries also saw Djibouti's value and formally established bases (or a military presence).

Each country has a slightly different mission depending on its requirements. Germany, Spain, and Japan patrol against piracy. France, which hosts German and Spanish units on its base, provides air protection. Italy uses its Djibouti base to support the development of Djiboutian and Somali police for regional security efforts.[35] And, the

28. Ilaria Grasso Macola, "Regeneration and Rejuvenation at the Historic Port of Djibouti," Ship Technology, December 14, 2020, https://www.ship-technology.com/.

29. Port of Djibouti, "Port of Djibouti S.A.," 2016, http://www.portdedjibouti.com/.

30. Ilaria Grasso Macola, "Q&A: Discussing the Future of Djibouti's Port Development," *Ship Technology*, May 24, 2021, https://www.ship-technology.com/.

31. Stiftung, *BTI 2022*, 32.

32. Wilhelm, "Tiny but Mighty."

33. John Hursh, "What Guelleh Missed in Trying to Turn Djibouti into the 'Singapore of Africa,' " African Arguments, May 11, 2021, https://africanarguments.org/.

34. Sankalp Gurjar, "Djibouti: The Organizing Principle of the Indo-Pacific," *Journal of Indo-Pacific Affairs*, Special Issue (November 2021) https://www.airuniversity.af.edu/.

35. Gurjar, "Djibouti."

United States uses Camp Lemonnier to focus on counterterrorism and occasional counterpiracy activities.

Only a year after the United States signed their long-term lease agreement in 2014, China requested land to build a new military base as part of their systematic, pan-African approach to security on the continent. Djibouti subsequently agreed, and on August 1, 2017, China inaugurated its first base in Africa, located about 8 miles from the US base.[36] The base supports peacekeepers, maritime security, and humanitarian missions and maintains several piers for visiting military vessels. The largest pier is 1,120-feet long, big enough to accommodate a Chinese aircraft carrier, assault carriers, and nuclear submarines.[37]

While Djibouti's total revenue from military base leasing activities, airport, and port contracts is unclear, the loss of this revenue would undoubtedly debilitate the economy and the country itself.

Threats to US Interests

The United States has enjoyed a relatively stable, strategic advantage in the region due to its close ties with Guelleh's government, which has allowed basing access and fairly unfettered military operations. Still, two potential threats to these US strategic interests in Djibouti have emerged—increased Chinese activity in Djibouti and the government's possible destabilization through regional economic shifts.

China

The recent increased Chinese military and economic presence in the country could potentially provide competitive advantages over the United States. In the years since China opened its base, the continued proximity of their troops combined with China's economic ties to Djibouti has caused consternation for US policy makers.[38] Djibouti is the only location where US and Chinese militaries are based within just a few miles of each other. Djibouti must now cater to these competitive actors and is consequently less dependent on US influence alone. As a result, the US freedom of maneuver within the country could potentially shrink as more militaries compete for training areas, runway, air space, and other infrastructure.

While the Chinese military base is seen as a potential threat to US interests, the greater risk is China's potential economic stranglehold on Djibouti's economy and, therefore, its political system. Even though China pays rent for its base, Djibouti's in-

36. Tyler Headley, "China's Djibouti Base: A One Year Update," *Diplomat*, December 4, 2018, https://thediplomat.com/.

37. Sam LaGrone, "AFRICOM: Chinese Naval Base in Africa Set to Support Aircraft Carriers," *USNI News*, April 20, 2021, https://news.usni.org/.

38. Headley, "China's Djibouti Base"; and Arwa Damon and Brent Swails, "China and the United States Face Off in Djibouti as the World Powers Fight for Influence in Africa," *CNN*, May 27, 2019, https://edition.cnn.com/.

creasing reliance on China for financing infrastructure projects, including the Doraleh Multipurpose Port, has left the small country heavily indebted to its Asian partner. From 2015 to 2017, Djibouti's public debt rose to about 20 percent of the gross national product (GDP), with China owning the majority share.[39] Today, Djibouti's national debt is 70 percent of its GDP and will likely continue to grow as the country pursues its infrastructure development projects.[40]

China is the primary donor for such investments as the United States, and other Western donors are often unwilling to finance these ventures outside of specific programs such as the Millennium Challenge Corporation, for which autocratic Djibouti would not qualify.[41] But there is a real concern by the International Development Association and the International Monetary Fund that Djibouti will have a high risk of debt distress soon if it continues on its current path.[42]

US policymakers fear Djibouti's increasing debt to China may also cause it to become ensnared in China's "debt-trap" diplomacy.[43] In that case, Djibouti's infrastructure, particularly its ports, could be handed over to the Chinese if the country cannot repay its loans.[44] Parallels have been drawn between the Chinese-funded modernization of ports in Djibouti and Sri Lanka. In the case of Sri Lanka, that country was forced to forfeit its port in Hambantota to the Chinese when it could not repay the loan.[45]

The potential loss of a port to China raises a red flag for US interests, particularly the potential loss of port and ship-berthing access. Keeping troops in Djibouti forces US supply lines to be centered around and dependent on continued access to Djibouti's ports. Although highly unlikely, if China becomes the powerbroker in this area, it would be able to cut off US supply lines. In a worst-case scenario, China could hold Djibouti's political and economic decisions captive. These decisions would then favor Chinese interests over those of the United States on myriad issues, including those affecting US military operations, logistics, and exercises occurring in the country.

Still, despite the military and economic friction that China's presence in Djibouti creates for the United States, it is not time to concede defeat just yet. First, withdrawing from Djibouti simply due to the presence of a Chinese military base could set a dangerous precedent, sending a message that the United States will not remain where

39. Nizar Manek, "Djibouti Needed Help, China Had Money, and Now the U.S. and France Are Worried," Bloomberg, April 5, 2019, https://www.bloomberg.com/.

40. Wilhelm, "Tiny but Mighty."

41. Akane Okutsu, "Djibouti Has 'No Choice' but China for Infrastructure Development," Nikkei Asia, August 29, 2019, https://asia.nikkei.com/.

42. International Development Association and International Monetary Fund, "Djibouti Joint World Bank-IMF Debt Sustainability Analysis," Joint World Bank-IMF Debt Sustainability Analysis, May 2020, https://documents1.worldbank.org/.

43. Amy Cheng, "Will Djibouti Become Latest Country to Fall into China's Debt Trap?" *Foreign Policy*, July 31, 2018, https://foreignpolicy.com/.

44. Maria Abi-Habib, "How China Got Sri Lanka to Cough Up a Port," *New York Times*, June 25, 2018, https://www.nytimes.com/.

45. Abi-Habib, "Sri Lanka."

China gains a foothold. Second, a military showdown is unlikely, given that several foreign militaries, including 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 Djibouti.

Also, although the debt issue will not go away anytime soon, most countries in Africa are becoming increasingly indebted to China, so it is unlikely the United States will find a desirable location where this would not be an issue.[46] The reality is that China is willing to finance desperately needed infrastructure projects across Africa, and most Western countries are reluctant to invest in these projects outside of specific programming. And while the United States may not choose to fund infrastructure projects, it donates considerable amounts of aid to Djibouti and is the largest bilateral donor for food assistance to vulnerable populations.[47]

The United States also provides personnel, through Camp Lemonnier, to support popular programs like the English Discussion Groups held around the country to assist with language acquisition, and medical exchanges, such as those with the Djiboutian Gendarmerie, to assist with casualty care.[48] Through other aid programs, the United States works with Djibouti to support workforce development, assisting with skill development and linkages between employers and vocational training institutions, as well as on strengthening education programs that focus on literacy at the primary grade level.

All these programs bolster pro-US sentiment in the face of influence resulting from Chinese financial investment in the country. While the United States should be concerned about Chinese actions and intentions in Djibouti, it still has the largest military base and, supported by like-minded partners, it has considerable leverage through the rents it pays Djibouti to retain significant global power in the region.

Economic Shifts and Political Unrest

Along with concern over China's presence in Djibouti, internal pressures and political instability, likely from economic shifts, are large potential challenges for continued US presence and long-term interests in the country. Djibouti has experienced recent economic downturns due to regional wars and the pandemic, although the country is soon likely to recover and the authoritarian government remains in power. But a significant economic crisis could unseat this control.

46. Dipanjan Roy Chaudhury, "Africa's Rising Debt: Chinese Loans to Continent Exceeds $140 Billion," *Economic Times*, September 23, 2021, https://economictimes.indiatimes.com/.

47. "U.S. Relations With Djibouti: Bilateral Relations Fact Sheet," Bureau of African Affairs (Washington, DC: US Department of State, March 18, 2022), https://www.state.gov/.

48. Shawn Nickel, "Civil Affairs Soldiers Continue Tradition in Tadjourah with Centre De Femmes Empowerment Center," US Army Reserve News, February 23, 2019, https://www.usar.army.mil/; and "Djibouti US Strengthen Partnership through Medical Knowledge Exchange, US Army Public Affairs, https://www.usar.army.mil/.

The prospects of stiff competition in its largest revenue-generating area—its port industries—mean Djibouti could face a deep economic decline with limited recourse to shift its fortunes. To date, Djibouti is the sole capable supplier of port activity in the region, and these ports remain the top employer in the country. Consequently, the government benefits substantially from the resulting rents and revenue. This reality could change as neighboring nations consider their own port development.

Constricted by its reliance on Djibouti, Ethiopia has been looking to lessen its dependence on the country, which handles about 90 percent of inbound and outbound trade from Ethiopia and collects about $1–1.5 billion in port fees annually.[49] Until 1998, Ethiopia predominantly used the Assab port in Eritrea, but after the two countries fell out, Ethiopia's only option was Djibouti. As Ethiopia's economy expands, so has the concern about ever-increasing import fees and the number of foreign forces influencing Djibouti. Soon, land-locked Ethiopia may have more port options.

In 2018, DP World entered a joint venture with Ethiopia and the unrecognized Republic of Somaliland to expand the Port of Berbera with a new container terminal. The new terminal was officially inaugurated on June 24, 2021.[50] While the port is only one of the logistical hurdles in Ethiopia's use of Berbera's port, others, such as overland transportation infrastructure, will likely be addressed in the future. This would end Djibouti's monopoly on the shipment of Ethiopia's goods. The magnitude of this shift will certainly have repercussions for Djibouti's economy.

Other potential future competitors are existing Eritrean ports 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 that began in 1998 eliminated water access for Ethiopia, access that was crucial for their Navy and commercial ships.[51] But in 2019, a peace deal brokered by Ethiopian Prime Minister Abiy Ahmed led to a renewal of collaborations, including reestablishing telecommunications and air transport links, opening land borders, and lifting UN sanctions on Eritrea.[52] But, as in the Somaliland example, a substantial infrastructure investment would be required to refurbish these old ports and transport linkages.[53]

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,

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49. Guled Ahmed, "Djibouti Needs a Plan B for the Post-Guelleh Era," Middle East Institute (website), July 20, 2021, https://www.mei.edu/.

50. Hakam Kherallah, "DP World and Somaliland Open New Terminal at Berbera Port, Announce Second Phase Expansion and Break Ground for Economic Zone," *DP World*, June 24, 2021, https://www.dpworld.com/.

51. Cornelia Toelgyes, "The Revival of Ethiopian Navy, the Horn of Africa, the Red Sea, Regional Power Dynamics," African ExPress, January 25, 2020, https://www.africa-express.info/.

52. John Calabrese, "The Bab El-Mandeb Strait: Regional and Great Power Rivalries on the Shores of the Red Sea," Middle East Institute (website), January 29, 2020, https://www.mei.edu/publications/.

53. European External Action Service (EEAS), "Roads to Peace: EU Supports Reconnecting Eritrea and Ethiopia," EEAS news, November 2, 2019, https://eeas.europa.eu/.

the region currently has limited problems and is English-speaking.[54] Additionally, Somaliland's Berbera port has the potential to secure 30 percent of Ethiopia's cargo volume.[55] With its recently ended conflict, Eritrea is focused on looking for opportunities in economic development and regional stability. As indicated above, one of Eritrea's priorities is to recover its relationship with Ethiopia and reestablish trade, transportation, and communications links.[56]

If Djibouti's port customers were to find services elsewhere, in the near or midterm, such as the Berbera Port in Somaliland or the Assab and Massawa Ports in Eritrea, Djibouti's stable income flows could be challenged, placing its political stability at risk. These ports could mean competition for Djibouti in the near term, resulting in an economic decline as seen in 2020 when the port output growth slowed to one percent due to the pandemic. While Djibouti is quickly regaining those losses, another decline could decrease the current rents or threaten the country's political stability if required rents are no longer funded adequately to ensure the support of minority political elites.[57]

Such a situation could put the United States in the position of operating in a country in the midst of economic decline and looking to potentially recoup its losses by increasing basing rents. Moreover, if Djibouti cannot replace this lost income, the United States could be open to the whims of a changing political climate and a partner government unable to maintain stability through its current patronage network. These new ports could also encourage other competitor nations to open military bases in the region.

In the end, Djibouti's port monopoly is unlikely to last forever.[58] This is one reason it acted so deliberately in updating its port infrastructure to remain competitive. It has also continued to work on its investment climate to increase its attractiveness to global investors, seeking economic diversification to insulate itself from a largely port-based economy.[59]

Other ports may slow Djibouti's economic growth and potentially threaten its hard-won stability, but this result is not guaranteed. And while access to the strait, and ports themselves, is a key requirement for basing considerations, it is not the only requirement. The political willingness of a partner to allow US operations is key and one which Djibouti has already displayed over the decades of US presence on its soil.[60] Indeed, US and Djiboutian interests overlap in Somalia, where Djibouti deploys a

54. Calabrese, "Bab El-Mandeb Strait."

55. Ahmed, "Plan B."

56. Omar S. Mahmood and Meressa K. Dessu, "Can Improved Ethiopia-Eritrea Relations Stabilise the Region?," Institute for Security Studies (website), July 20, 2018, https://issafrica.org/.

57. World Bank, "Djibouti Shows Signs of Recovery but Challenges Remain," March 7, 2022, https://www.worldbank.org/.

58. Mahmood and Dessu, "Ethiopia-Eritrea Relations."

59. Stiftung, *BTI 2022*, 32.

60. Tom Kelly, "Good Things Come in Small Packages: The US-Djiboutian Security Partnership," *Ambassadors REVIEW* (Fall 2015), https://www.americanambassadors.org/.

contingent of peacekeepers in the African Union Mission to Somalia. And even if Somaliland develops a better port infrastructure, a base there would require the United States to rethink its current Somalia policy.

The United States recognizes Somaliland as a territory of Somalia and therefore would be required to negotiate and deal with the Federal Government of Somalia for any basing agreements. This also means any base of considerable size in Somaliland would require a renegotiation of a troop cap for Somalia, which currently stands at under 500.[61] Even if political winds shifted, only a fraction of Combined Joint Task Force-Horn of Africa personnel could base in Somaliland given those troop numbers. Eritrea as a new basing location is also problematic, at least unless a new and more pro-Western government takes over after the current regime, which currently leans heavily toward China and Russia.[62] Despite a potential economic downturn related to Djibouti's ports, and even with potential political instability, Djibouti remains the safest long-term bet in the region.

Conclusion

The almost perfect location of Djibouti on the Bab el-Mandeb Strait, alongside the country's current political stability in a historically volatile region, is a strong combination that continues to support and promote US interests in the region. Starting as an expeditionary camp for the United States, Camp Lemonnier has become a more semipermanent structure allowing almost unfettered US military access to key parts of Africa and the Middle East. While the United States could use other locations within the strait for its activities, Djibouti is the obvious choice for the near and medium term, at the very least.

While Djibouti's political stability is predicated on a rentier, neopatrimonial government, it has used deliberate strategy to ensure external rents are collected, largely through ports and military base leasing. It is the most stable of its neighbors and has infrastructure in place, such as the ports, that support US basing.

The introduction of a Chinese base in Djibouti may not be ideal. Still, the welcoming attitude of Djibouti to the establishment of other military bases and operations allows the United States to work with several of its partner nations side-by-side every day and build closer relationships with key allies like France and Japan. The costs of leaving Djibouti are, at least in the current environment, higher than the risks. Loss of expended and committed revenue, detrimental messaging of US weakness to adversaries and allies

61. Ben Fox and Aamer Mahdani, "Reversing Trump, Biden Acts to Deploy US Troops to Somalia," Associated Press, May 16, 2022, https://apnews.com/.

62. Habtom Ghebrezghiabher and Tesfazion Gerhelase, "Eritrea: Supporting Russia to Stay in Power," Fikra Forum, Washington Institute for Near East Policy (website), https://www.washingtoninstitute.org/; "Afwerki Defends Russia, China in Eritrean Independence Day Speech," Africa Times, May 25, 2022, https://africatimes.com/; and Jevans Nyabiage, "China Hits Out at Sanctions on New African Belt and Road Partner Eritrea as It Focuses on Ports," South China Morning Post, January 6, 2022, https://www.scmp.com/.

alike, and loss of access to key sea lines of communication in a volatile region all argue against an ill-thought-out severing of long-standing connections with Djibouti.

The threat of political instability is always possible, particularly if economic shifts created by competitor ports are severe. But there are still infrastructure issues that must be overcome to make the ports in Berbera, Assab, or Massawa truly competitive. Additionally, Djibouti has other ways to obtain rents, such as military bases and continued attempts at economic diversification. The ongoing investment in the country indicates the United States anticipates a continued stable Djibouti, based on the rentier system, in an otherwise historically unstable region.

Despite the risks, the optimal choice for the United States is to stay in Djibouti. That does not mean the United States should not look for alternate locations or ways to diversify within the Horn because keeping options open preserves needed flexibility. Yet, the United States must embrace its relationship with this small country and look at the US presence as a long-term project and partnership. Even if other options present themselves, Djibouti will remain a large piece of any US basing puzzle in the Horn of Africa. Æ