



USIP SENIOR STUDY GROUP FINAL REPORT

China's Impact on Conflict Dynamics in the Red Sea Arena



UNITED STATES
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This report, the third in the Senior Study Group (SSG) series on China's influence on conflicts around the world, examines China's interests and impact on dynamics in the Red Sea arena. The arena, as defined by this report, includes the Horn of Africa, Egypt, and the Arabian Peninsula, in addition to the strategic waterways that run between these states. Unless otherwise sourced, all observations and conclusions are those of the SSG members. The report also contributes to the United States Institute of Peace's broader Red Sea initiative, which seeks to bridge the analytic gap of transregional dynamics between the Middle East and the Horn of Africa; leverage the Institute's convening authority to work with policymakers in the United States, Europe, and Asia to overcome bureaucratic divides that often impede strategy development in a region that traverses traditional geographic divisions; and explore opportunities for new multilateral formats to prevent, mitigate, and resolve conflict. The initiative includes the complementary Senior Study Group on Peace and Security in the Red Sea Arena, which later this year will release a report recommending a new strategic framework for US policy in the region.

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Preface

Since the publication of the Trump administration’s National Security Strategy at the end of 2017, Washington’s foreign policy community has focused on renewed “great power competition,” principally between the United States and China. In this changing policy environment and inspired by its mission to prevent and resolve conflicts, the United States Institute of Peace has convened a series of Senior Study Groups to examine China’s impact on conflict-affected areas around the world. These study groups aim to produce deep, objective analyses and to advance recommendations on how US policy should take China’s actions into account. This report studies China’s activities in the Red Sea arena, focusing on twelve key countries in the Horn of Africa, North Africa, and the Arabian Peninsula: Djibouti, Egypt, Eritrea, Ethiopia, Oman, Qatar, Saudi Arabia, Somalia, South Sudan, Sudan, the United Arab Emirates, and Yemen.

The Red Sea arena is crucial to the global economy, sitting astride a lifeline of global commerce and energy resources that flow between Asia and Europe. The Red Sea itself is one of the world’s busiest waterways, with an estimated \$700 billion of goods passing through the Bab el-Mandeb Strait annually, including five million barrels of oil daily. The region has also been plagued by instability, conflict, and transnational crime, including piracy on the seas. Iranian and Saudi-backed proxies are fighting in Yemen, and several Red Sea arena states are combating terrorist groups, including al-Shabaab and al-Qaeda. Ethiopia, the second most populous country on the African continent and home to the African Union, is undergoing a tumultuous political transition, and remains economically and politically fragile. In addition, with the opening of China’s base in Djibouti in 2017, the US and Chinese militaries are operating in close proximity in this theater.

Although the Red Sea arena is far from the Asia Pacific, China has long recognized the Red Sea’s significance for its own development, particularly in terms of trade, investment, and energy security. In

recent years, China has been increasing its activity and presence in the region and gaining economic and political influence. Beijing has adapted flexibly to the region's complex dynamics by providing investment and loans and protecting its economic and political interests while trying to stay neutral in regional conflicts and avoid security-related entanglements. It has increased its military presence in the region but does not appear eager to take on the responsibilities of primary security provider, a role currently assumed primarily by the United States and its allies and partners. Moreover, Chinese engagement in this fragile arena comes at a time when other international players are also increasing their regional profile and US attention and commitment to the region appear to be diminishing.

With all this in mind, a group of top US experts and former policymakers on Asia, Africa, and the Middle East undertook a six-month study to examine China's engagement in the Red Sea arena in detail. The report offers key observations on how China's activities in this part of the world affect ongoing and potential regional and local conflicts, as well as US interests and engagements in the arena. It also offers recommendations on how the United States should account for these dynamics in its policies toward the region.

In the time since the study group reached its conclusions, a severe and potentially fatal respiratory illness caused by the novel coronavirus, COVID-19, has swept across the globe, bringing potentially devastating consequences to the Red Sea arena. While this report was mostly drafted before the World Health Organization declared COVID-19 a pandemic on March 11, 2020, we believe its observations and policy recommendations remain just as relevant. A special addendum has been inserted at the end of the report discussing China's response to COVID-19 in the Red Sea arena as of early April, and the potential long-term implications for Beijing's engagement in the region.

The COVID-19 pandemic has brought into sharp relief the need for coordination and cooperation between the world's two largest economies to preserve and protect global well-being. The United States and China have worked together in the recent past to thwart the ravages of Ebola in Africa and jointly supported the establishment of the Africa Centres for Disease Control and Prevention. The tragic prospect of another deadly disease ravaging regional health systems and populations could serve as a catalyst for renewed joint approaches.

Aside from the obvious benefits of cooperating to stem the spread of pandemic disease, this study emphasizes that the United States and China have a clear interest in promoting stability and forestalling conflict in this pivotal region. Our hope is that this report might point the way toward strategies for ensuring that these mutual interests can be served for the benefit of the countries in the region, the United States, and China.

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Executive Summary

The Red Sea arena—which this report defines as the eastern and western shores of the Red Sea, from the Arabian Peninsula to Egypt and the Horn of Africa, and the strategic waterways that run between, including the Red Sea, the Bab el-Mandeb Strait, and the Suez Canal—has long been a center of political turbulence, regional rivalries, and geopolitical interest. Historic political transitions currently underway in Sudan and Ethiopia, burgeoning economic investments amid fragility and debt in the Horn, continued conflict and humanitarian crisis in Yemen, Middle Eastern rivalries and their impact on regional conflict dynamics, and the growing presence of China have further heightened geopolitical interest in this arena. This report focuses on China’s influence and activities in the region and its relationships with twelve Red Sea arena states: Djibouti, Egypt, Eritrea, Ethiopia, Oman, Qatar, Saudi Arabia, Somalia, South Sudan, Sudan, the United Arab Emirates (UAE), and Yemen.¹

With the rapid expansion of its economic, diplomatic, and military activities in the region, China has become a significant player in the Red Sea arena over the last two decades. This engagement, particularly through the Belt and Road Initiative (BRI), has brought infrastructure and economic opportunities to the region that could benefit Red Sea states under certain conditions. Questions remain, however, about the long-term impact China’s engagement might have on countries in the Horn and the Gulf. The opening of China’s first overseas military base in Djibouti, along one of the world’s busiest and most critical waterways and in proximity to the military bases of the United States and three other states, has further elevated the geopolitical stakes in the region and raised concerns about the increasing militarization of the Red Sea.

These developments have complex implications for US interests in the region. Both China and the United States support economic growth and regional stability, yet they have fundamental differences over governance standards, political norms, human rights, and economic models. Further, although the two countries share an interest in maintaining the security of sea lines of communication (SLOCs) and enabling the free flow of trade, China’s expanded presence in the region to defend these interests has



A member of China's People's Liberation Army Navy stands guard as Chinese citizens board the naval ship *Linyi* during the evacuation of Chinese nationals from Yemen on March 29, 2015. (Photo by China Stringer Network/Reuters)

created tensions. Immediate challenges posed by the proximity of China's military base to US Camp Lemonnier and long-term challenges posed by China's presence in the Bab el-Mandeb Strait and its growing ability to exert control over strategic waterways have also raised concerns in Washington.

This report examines China's interests and activities in the Red Sea arena, their impact on intrastate and regional conflict dynamics, and implications for US and regional interests. The report advances recommendations for how Washington should respond to Beijing's growing economic, diplomatic, and military footprint in the region.

Observations

China's interests and activities in the Red Sea arena today are anchored in its economic engagement. Beijing sees economic engagement, coupled with its policy of noninterference, as its primary way to win friends and influence in the Red Sea arena. Its key interests include supporting its economy and national security by advancing the BRI and ensuring a stable flow of trade and energy resources, protecting Chinese citizens and economic investments in the region, and building ties through regional and Chinese-led multilateral mechanisms that create support for China in the broader international arena.

Red Sea Arena



Note: This report focuses on twelve states in the broader Red Sea arena: Djibouti, Egypt, Eritrea, Ethiopia, Oman, Qatar, Saudi Arabia, Somalia, South Sudan, Sudan, the United Arab Emirates, and Yemen.

States in the Horn of Africa and the Middle East have largely welcomed Beijing's growing engagement. Middle Eastern regional powers see China as the new major power player in the region, though primarily as an economic partner and not as a security player—at least so far. States in the Horn have embraced Beijing's economic engagement, especially its financing and construction of infrastructure projects. Although African and outside observers have concerns about the sustainability and quality of Chinese projects, including high public debt to Beijing, environmental impacts, low labor standards, and corruption, African states emphasize that China's offerings are critical to advancing economic development, without which sustainable political transitions and long-term peace in the region will be difficult to achieve. The case study on Ethiopia highlights this dynamic.

China's growing economic presence has been accompanied by expanding diplomatic and cultural engagement. Beijing has two high-profile platforms for dialogues with Red Sea arena states: the Forum on China-Africa Cooperation (FOCAC) and the China-Arab States Cooperation Forum (CASCF), both of which have met regularly since the early 2000s. Beijing is also working to expand its soft power by providing funding for thousands of African officials, students, and journalists to study and train in China, and by opening Confucius Institutes in capitals throughout the Red Sea arena. In promoting deeper ties across the region, Beijing seeks to build trust and a stronger base of support for its activities.

Although China has expanded its military presence and engagement through peacekeeping and counterpiracy operations, it has shown no interest to date in stepping in as the region's primary security provider. It does not seek to take on the United States' traditional role as the premier military power and security provider in the Red Sea arena. Although China's troops in Djibouti are its largest semi-permanent military presence outside Asia, only a small fraction of People's Liberation Army (PLA) personnel, about two thousand of 2.3 million troops, are posted to the region.² The PLA's major mission remains focused on fighting wars and deterring adversaries in Asia. It is therefore unlikely to dramatically increase its military presence in the region in the near future. Nevertheless, China's presence in Djibouti has implications for both short- and long-term regional conflict dynamics. Short-term concerns include the potential for inadvertent military clashes stemming from unprofessional behavior. Long-term concerns center around China's base facilitating its ability to control SLOCs in the future. Increasing professionalization of the PLA, deconfliction and crisis management mechanisms, as well as a shared interest in the free flow of trade and resources can help mitigate these concerns.

Although China seeks stability in the Red Sea arena, it has generally refrained from intervening in or actively mediating regional conflicts based on the assessment that detachment can better protect its interests. Although instability has benefited China in some ways by feeding a narrative of US strategic failure, Beijing has a greater interest in a stable region free of failed states and with SLOCs open and protected from harassment. However, with the notable exception of its past mediation efforts in Sudan and South Sudan, as detailed later in this report, Beijing has yet to actively engage in or lead regional dispute resolution efforts. It chooses not to intervene in Middle Eastern rivalries to avoid alienating the various camps among its Red Sea partners, as demonstrated in the case study on Yemen. Short of situations in which Chinese economic or security interests are severely threatened, therefore, Beijing is unlikely to use its influence to prevent regional rivalries from exacerbating conflicts in the arena.

China has presented itself as a neutral state, but certain practices challenge the notion. Although Beijing may not be directly exporting authoritarianism, Chinese actors' pursuit of economic projects that do not adhere to robust standards for transparency or accountability, along with Beijing's public diplomacy efforts that highlight the successes of its economic and political system, can reinforce nondemocratic norms and practices. This is particularly challenging in an arena where, despite some civil society efforts to advance more transparent, inclusive, and accountable systems, most states rank in the bottom quarter of Freedom House's political freedom index. In addition, certain Chinese commercial activities—including the sales of military and surveillance equipment—may benefit some political actors at the expense of others, empower security actors within a state, and further enable authoritarian regimes to thrive in the region. Chinese companies are not, however, the only players active in this space.

China has also used its influence to rally support among African and Middle Eastern states for its policies on Taiwan, Xinjiang, and Hong Kong as well as for its territorial claims in the South China Sea. For instance, a number of Red Sea states—including Djibouti, Egypt, Eritrea, Oman, Saudi Arabia, Somalia, South Sudan, Sudan, the UAE, and Yemen—signed on to a letter to the UN Human Rights Council expressing support for Beijing's policies in Xinjiang. China's economic importance in the region has generated political support for its policy priorities in the international arena. As long as regional states face little to no domestic or international costs for supporting or at least muting their criticism of China's official positions, they are likely to continue such behavior to stay in its good graces.

Despite Washington's focus on major power competition between the United States and China, Red Sea states themselves do not wish to have to choose between the two countries. Regional officials and experts stress that Washington and Beijing bring different opportunities to the table and that they welcome engagement with both states. The United States is recognized particularly for its traditional contributions to security support, good governance, agriculture, health, and education. China is recognized for its focus on infrastructure development and as a source of financing. Red Sea arena states desire multifaceted engagement, including commercial partnerships, with both countries.

The opportunities for US-China cooperation in the arena have narrowed considerably in recent years due to tensions in the broader bilateral relationship. The current US Africa Strategy, released in December 2018, identifies China as a predatory commercial actor and strategic competitor in the region. The establishment of China's base in Djibouti and its growing force projection capabilities have also raised concerns about the implications for US interests. The potential for cooperation is further limited by fundamental differences between US and Chinese values and norms.

The Red Sea arena is a critical theater that directly affects US strategic interests, among them freedom of navigation, the stable flow of trade and energy resources, countering violent extremism, and promoting democracy, good governance, and stability. Approximately \$700 billion worth of trade transits its strategic waterways and choke points annually, as do millions of barrels of oil daily. Regional instability, terrorism, and China's growing military presence in the theater have direct implications for US economic and security interests. Finally, the region also offers opportunities for the United States to cultivate and strengthen partnerships with states and citizens who aspire for more open and democratic systems.

The United States faces a complex balancing act calibrating its policy toward China in the Red Sea arena. China's growing presence makes it a key actor and potential partner with which to help prevent, mitigate, and resolve violent conflicts and build peace in the neighborhood. Attempting to shape its policies in the region will require elevating the Red Sea arena in the US-China bilateral relationship, although doing so may not always yield constructive outcomes. Further, calling on China to take on a more active role will increase Beijing's ability to influence regional outcomes. Addressing fragility and instability will require China's cooperation and contributions, however, and China's economic, diplomatic, and military influence and capabilities should be leveraged to advance peace and stability. The risks associated with such an approach should be managed carefully and in partnership with like-minded friends and allies present in the region.

Recommendations

The United States and China both have key interests in the Red Sea arena—some that overlap and some that conflict. The United States' approach to China should be nuanced, disaggregating which behaviors are and are not concerning. This study recommends that Washington account for China's growing presence in the arena by helping Red Sea states better manage China's growing presence and engagement in the region, mitigating the risks of military conflict with China, and cooperating with Beijing in areas of mutual interest.

The United States should craft a comprehensive and integrated whole-of-government approach toward the region that is underpinned by robust economic and diplomatic engagement as well as security support.³ Although counterterrorism efforts and the protection of freedom of navigation are vital US strategic interests, it is counterproductive to create or reinforce existing perceptions that Washington is interested solely in security issues. It is similarly counterproductive to pursue narratives that emphasize "great power competition" or the need to "choose" between the United States and China, which alienate states that seek close engagement with both powers. US relationships in the region should be valued and strengthened for their own sake, not merely as a counterweight to China.

SUPPORTING RED SEA STATES TO BETTER MANAGE CHINA'S GROWING PRESENCE

The United States should help build institutional capacity, strengthen civil society, and equip current and next-generation leaders in the Red Sea arena to better leverage China's growing economic, diplomatic, and military engagement in the region.

Washington should make clear that it supports legitimate commercial activity conducted under transparent, inclusive, and sustainable terms that do not compromise a country's long-term economic viability. It should also support Red Sea states in their efforts to counter the destabilizing aspects of Chinese engagement, especially when this engagement erodes the advancement of good governance and democratic norms, sustainable growth, and economic independence. US businesses should also be encouraged to invest in the Red Sea arena and pursue commercial cooperation with like-minded countries to help diversify Red Sea states' economic options, encourage healthy commercial competition, and raise standards.

Seeking to expand its influence in the Red Sea arena, Beijing has devoted considerable resources to funding scholarships and training programs and to growing its local media presence. This soft power effort, in addition to its deep economic engagement, especially in the tech sector, can have significant implications for regional norms, governance standards, and US soft power. To compete with China's soft power push and growing digital influence, and to constructively shape governance standards and norms in the region, the United States should bolster its own public diplomacy efforts.

The United States should keep democratic norms and values front and center through capacity-building efforts, economic engagement, and public diplomacy by:

- Providing technical assistance to Red Sea arena governments and civil society actors to review foreign loan packages and major economic projects for transparency, economic viability, and sustainability;
- Prioritizing the Red Sea arena in the US Agency for International Development's efforts to work with governments and civil society to improve democratic norms such as government accountability, the rule of law, and human rights;
- Dedicating funding from the US International Development Finance Corporation to the Red Sea arena and assisting states that wish to join multilateral trade agreements;
- Further investing in and expanding existing initiatives such as the Fulbright Program, Peace Corps, and Young African Leaders Initiative;
- Strengthening fact-based journalism by offering trainings on media professionalism and financial literacy, expanding access for journalists and citizens to a diverse array of resources, and continuing funding for translation services and institutions such as Voice of America;
- Promoting the benefits of the free flow of information and an open internet, and increasing awareness and capacity among government officials and civil society actors to build legal and regulatory environments that protect privacy and curb government exploitation of technology for repressive purposes; and
- Sustaining US security engagement in the region and continuing to support military professionalization, education, and training programs.

MITIGATING RISKS OF MILITARY CONFLICT WITH CHINA IN THE RED SEA ARENA

The proximity of US and Chinese forces in Djibouti, as well as incidents such as Chinese forces lasing US military aircrews operating near the PLA base in 2018, indicate the need for the two countries, along with other stakeholders, to establish and implement clear rules of behavior. To mitigate the risk of military clashes and counter the destabilizing aspects of China's expanded military footprint in the Red Sea arena, the United States should:

- Work with allies such as France, Japan, and Germany to continue engaging China in multilateral discussions that allow parties to exchange views on operational safety issues, establish clear rules of engagement, and build confidence to mitigate the tensions that arise from operating military bases in close proximity to one another in Djibouti; and

- Pursue bilateral and multilateral military agreements with China that build on existing mechanisms like the Code for Unplanned Encounters at Sea, and advance implementation efforts to reduce the chance of incidents and prevent conflict escalation.

LEVERAGING CHINA'S INTEREST IN STABILITY AND COOPERATING ON MUTUAL INTERESTS

Despite deep skepticism in Washington and Beijing about the possibility for US-China cooperation, concrete opportunities for deconfliction and coordination may arise based on a shared interest in regional stability. Washington should leverage these shared interests and explore ways to align US and Chinese efforts, recognizing that Beijing may not always be a willing partner and that cooperation may not always be desirable.

In the past, the United States and China cooperated, albeit on a limited basis, in counterpiracy exercises in the Gulf of Aden. They also worked together to prevent the spread of the Ebola virus in Africa, coordinating with the African Union (AU) to help establish the Africa Centres for Disease Control and Prevention. These experiences suggest that even if the two countries cannot agree to fully cooperate, they may be able to find ways to work in parallel. Cooperation and coordination will be more vital than ever to combat the COVID-19 pandemic that reached the region in late January 2020 and is likely to have devastating consequences for its fragile and conflict-torn states.

Washington should consider building on these experiences and work with Red Sea states to explore new opportunities to cooperate with Beijing by:

- Pursuing dialogues on deconfliction and coordination mechanisms in areas of mutual interests such as pandemics and public health crises, noncombatant evacuation of civilians, security of SLOCs, and diplomatic engagement mechanisms such as the Friends of Sudan;
- Encouraging track 1.5 and track 2 dialogues between American, Chinese, and regional experts to share perspectives on Red Sea conflicts, discuss contingency scenarios, reinforce norms and practices in support of freedom of navigation, and explore potential areas of cooperation;
- Supporting the development of multilateral forums in the region, such as the recently established Council of Arab and African Coastal States of the Red Sea and the Gulf of Aden, as well as the harmonization of regional initiatives on both sides of the Red Sea (including those being developed by the Intergovernmental Authority on Development and the AU) to promote political and economic integration, conflict mitigation, government accountability, the rule of law, and human rights in the arena; and
- Using both bilateral and multilateral settings to keep Beijing accountable to its commitments, such as its endorsement of the G20 Operational Guidelines for Sustainable Financing and its official statements that express its intent to have zero tolerance for corruption, to pursue sustainable and green development, and to adopt international rules and standards for BRI projects.

China in the Red Sea Arena

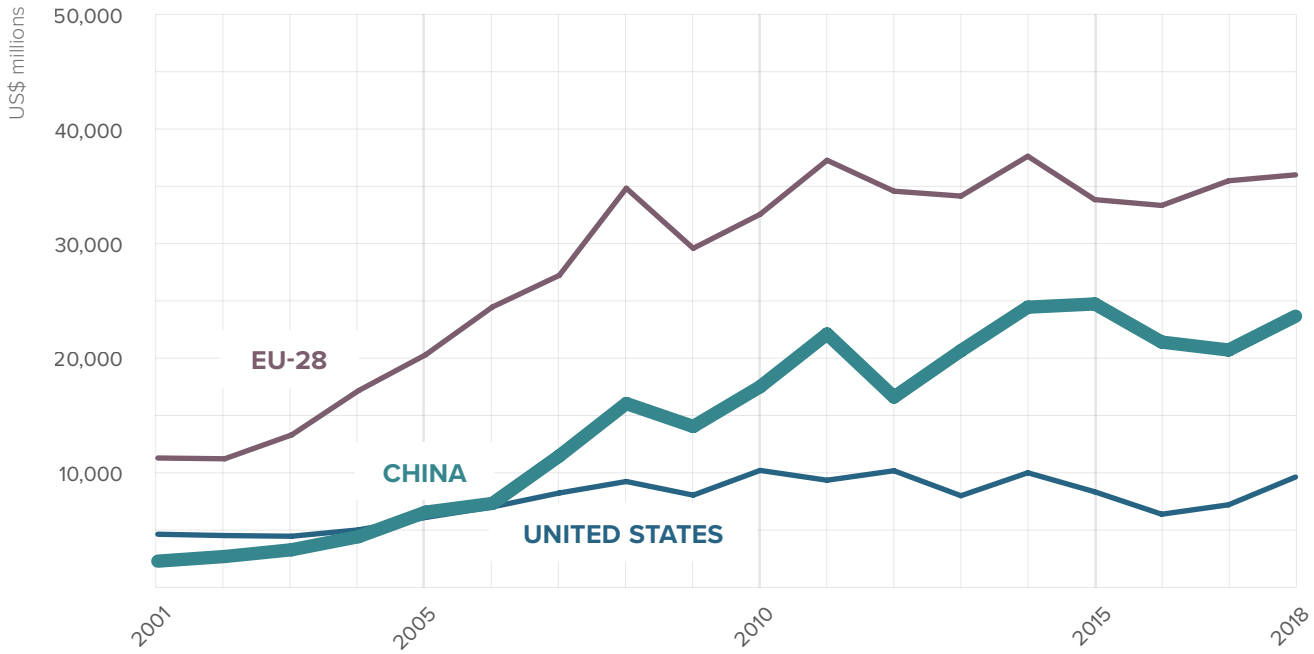
China's interests and activities in the Red Sea arena today are anchored in its economic engagement in the region. States in the Horn of Africa and the Arabian Peninsula welcome the opportunities that China brings to the table and see Beijing's growing engagement as a way to diversify their strategic partnerships. Since the early 2000s, Beijing's economic footprint in Africa has expanded rapidly, with China surpassing the United States in 2009 to become the continent's largest trading partner. Chinese trade with Gulf Cooperation Council (GCC) states has also rapidly expanded over the past two decades, with trade value growing from less than \$10 billion in 2000 to nearly \$150 billion in 2017.⁴ Although many of China's projects in the region predate the 2013 launch of its Belt and Road Initiative, which has become the primary organizing vehicle for Beijing's economic engagement in the region, both existing and new projects have been branded as part of the initiative. Since the BRI's inception, China has signed dozens of memoranda of understanding (MOUs) with African and Arab states. It has pledged billions of dollars in financing for infrastructure projects as well as for the creation of special economic zones and industrial parks throughout the region.

China's growing economic presence has been accompanied by extensive diplomatic and cultural engagement. Initiated in 2000, the Forum on China-Africa Cooperation includes fifty-three African states and the Commission of the African Union and has become a high-profile platform for dialogue between Chinese leaders and their African counterparts. It meets every three years and has held seven meetings, three at the summit level. The most recent summit took place in Beijing in September 2018. A similar platform, the China-Arab States Cooperation Forum, includes twenty-one members of the Arab League. It has met every two years since 2004 and held eight ministerial meetings in total. The most recent was in Beijing in July 2018. Several Red Sea states, including Djibouti, Egypt, Somalia, and Sudan, are members of both organizations.

China's Total Trade with Red Sea States (2001–18)

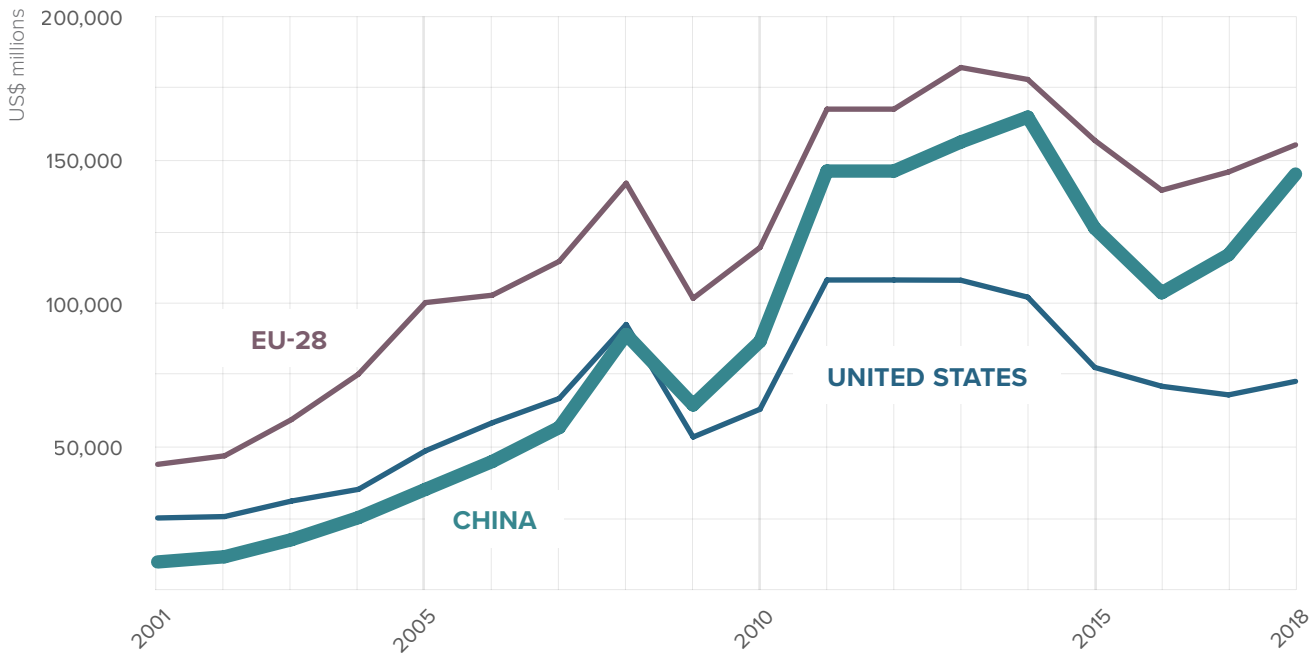
HORN OF AFRICA

Djibouti, Egypt, Eritrea, Ethiopia, Somalia, South Sudan, and Sudan



ARABIAN PENINSULA

Oman, Qatar, Saudi Arabia, United Arab Emirates, and Yemen



Source: UN Comtrade Database, www.comtrade.un.org. The graphs show the total volume of goods trade (imports + exports) with the groups of countries listed.

Red Sea States' Positions on Key Issues for China

Country	Xinjiang Letter Signatory?	Position in South China Sea Arbitration*
Djibouti	Yes	Supportive
Egypt	Yes	Supportive
Eritrea	Yes	Not confirmed
Ethiopia	No	Not confirmed
Oman	Yes	Supportive
Qatar	No	Supportive
Saudi Arabia	Yes	Supportive
Somalia	Yes	Supportive
South Sudan	Yes	Data unavailable
Sudan	Yes	Supportive
United Arab Emirates	Yes	Supportive
Yemen	Yes	Supportive

***Note:** Countries' positions on the South China Sea arbitration are based on the Arbitration Support Tracker compiled by the Asia Maritime Transparency Initiative (AMTI). The tracker examined publicly available official statements to determine support prior to the Permanent Court of Arbitration's July 2016 ruling. In the table above, "supportive" indicates that the country had issued a statement publicly supporting China's position that the arbitral tribunal is illegitimate. "Not confirmed" indicates that China had claimed that the country supported its position, but there was no official statement confirming that claim. "Data unavailable" indicates that the country was not included in AMTI's list. The full list is available at <https://amti.csis.org/arbitration-support-tracker>.

Beijing has also invested heavily in its public diplomacy efforts, providing funding for African and Middle Eastern officials, military officers, students, and journalists to study and train in China. The number of students studying in China has increased at a remarkable rate. More than eighty thousand students studied at Chinese institutions of higher education in 2018, compared to two thousand in 2003. These numbers are set to increase even more after Chinese President Xi Jinping's pledge at the 2018 FOCAC summit to provide an additional fifty thousand scholarships and fifty thousand training opportunities to Africans over the next three years.⁵ In addition, China has opened nine Confucius Institutes for cultural outreach across the Red Sea arena. Currently Egypt, Eritrea, Ethiopia, Saudi Arabia, Sudan, and the UAE are hosts to these institutes.⁶

Despite its status as the world's second largest economy in nominal terms, China continues to emphasize its common identity with African states as a "developing country" and its efforts to boost "South-South cooperation."⁷ In this region and in others, Beijing has also tried to pitch itself as a "new type of major power." As President Xi and other Chinese leaders have stressed, Beijing seeks to practice "great power diplomacy with Chinese characteristics" that eschews the "traditional model" of power politics and builds a "community of common destiny" based on "win-win cooperation."⁸ Chinese leaders have also long claimed that China does not seek formal allies and prioritizes the "principle of noninterference" as a key tenet of its foreign policy. This principle, as defined by Beijing, implies that China is a neutral state willing to do business with any sovereign entity,

regardless of regime type, and that it expects others to refrain from criticizing its domestic political system. As Xi put it in his speech at the opening ceremony of the 2018 FOCAC Summit in Beijing,

We respect Africa, love Africa, and support Africa. We follow a “five-no” approach in our relations with Africa: no interference in African countries’ pursuit of development paths that fit their national conditions; no interference in African countries’ internal affairs; no imposition of our will on African countries; no attachment of political strings to assistance to Africa; and no seeking of selfish political gains in investment and financing cooperation with Africa. We hope this “five-no” approach could apply to other countries as they deal with matters regarding Africa. For China, we are always Africa’s good friend, good partner and good brother.⁹

Xi has emphasized similar themes in his interactions with Middle Eastern states, as reflected in his speech at the 2018 CASCF Ministerial:

The Middle East’s diversity should be the source of regional vitality. We must respect each country’s national differences and independent choices, adhere to equality, seek common ground while reserving differences. . . . Development is the key to solving many of the governance problems in the Middle East.¹⁰

Despite Beijing’s efforts to portray itself as a neutral and different type of major power, certain Chinese practices challenge the notion. China may not explicitly “export” authoritarianism by forcing states to adopt an ideology, but its public diplomacy efforts highlighting the successes of its economic and political system can reinforce and legitimize existing nondemocratic norms and practices in an arena where most states already rank in the bottom quarter of Freedom House’s political freedom index.¹¹ Although states have the agency to determine their own political systems, China’s pursuit of economic projects that often lack conditions demanding transparency, accountability, and governance reforms can perpetuate graft when corruption is already endemic, benefit ruling elites at the expense of their citizens, and reinforce ethnopolitical or ethnoreligious inequalities.¹² Finally, certain Chinese commercial activities, including the sales of arms, telecommunications, information technology, and surveillance equipment, can further enable authoritarian regimes to thrive in this region, although Chinese companies are not the only players active in this space (see boxes 1 and 2).

China has also offered to mediate regional disputes, though it has more often played a supporting than a principal role to date. Beijing generally favors multinational mediation efforts and a traditional, top-down approach that focuses on high-level government talks. In the Red Sea arena, its most significant mediation efforts were in Sudan, where it faced sharp criticism for supporting Khartoum amid the humanitarian crisis and conflict in Darfur. Facing calls by activists for the world to boycott the 2008 Beijing Olympics, China used its influence with Sudan to facilitate the deployment of a joint AU-UN peacekeeping mission to Darfur in 2007. In following years, Beijing played a supporting role in efforts led by regional institutions to mediate ongoing conflicts in Sudan and South Sudan. In other conflicts in the Red Sea arena, Beijing has largely offered support from the sidelines, including in Yemen during the political transition in 2011 and in 2017, as well as during Qatar’s 2017 diplomatic crisis.¹³ In 2017, China’s ambassador to the AU offered to mediate a border

»» BOX 1. CHINESE TECHNOLOGY

Over the past two decades, China has made great strides in expanding its information, communication, and technology (ICT) industry worldwide. In Africa, it has become the largest foreign investor in telecommunication infrastructure, and Transion, a Chinese mobile phone manufacturer, now dominates the African market.^a In the Middle East, all Gulf Cooperation Council countries have signed deals with Chinese ICT companies such as Huawei and ZTE on projects from 5G infrastructure to submarine cables.^b This success can be attributed to two factors: Chinese companies' ability to offer low prices and tailor products for local markets; and Beijing's concerted effort to promote its ICT industry abroad using high-level memoranda of understanding paired with government loans that encourage the purchase of Chinese equipment.^c

China's strong push to develop its Digital Silk Road in Africa and the Middle East has given rise to major concerns among US policymakers and experts. The most salient of these centers on cybersecurity and cyberespionage risks posed by Chinese ICT products, especially 5G networks. Allegations from African Union (AU) officials that China engaged in data theft from AU headquarters in Addis Ababa, where Huawei helped install essential technology such as the "desktop cloud," have only deepened suspicion about Chinese companies and their link to Beijing.^d The AU denied the data theft, however, and decided to renew its partnership with Huawei.^e

Another concern centers on the potential exploitation of Chinese technology, especially advanced surveillance technology, by authoritarian regimes. To be clear, technology from any country is susceptible to misuse by governments, and Chinese companies are not the only ones selling advanced surveillance technology globally.^f The overwhelming dominance of Chinese companies in this market, however, and their willingness to sell such technologies to authoritarian states have raised serious concerns.^g Further, China's use of surveillance technology for repressive purposes at home may serve as a model for leaders in other countries seeking more efficient monitoring and control over their own populations.^h

Given the strong desire for Red Sea states to quickly develop their telecom infrastructure and Chinese dominance in the arena's ICT sector, completely displacing Chinese ICT companies from the region is not a viable strategy. In the near term, the United States and its allies can focus efforts on helping Red Sea governments mitigate the risks through technical assistance; building capacity among civil society and other actors who can exercise domestic oversight; and taking the lead in setting norms and standards for internet governance and cybersecurity that help leverage the benefits of an open internet and access to information while mitigating the risks posed by such a system.

a. Alexandria Williams, "China is making more of Africa's phones than you think," *Quartz Africa*, December 12, 2019.

b. Lindsey Ford and Max Hill, "China's Evolving Ties with the Middle East," *Asia Society*, August 8, 2019.

c. See Abdi Latif Dahir, "A low-profile, Chinese handset maker has taken over Africa's mobile market," *Quartz Africa*, August 30, 2018. Further, at the most September 2018 FOCAC summit in Beijing, Chinese leaders committed to deepening cooperation with African states on ICT projects, specifically on building "smart cities." China's "1+2+3" cooperation framework with GCC states as advanced in its 2016 Arab Policy Paper also specifies technology, in addition to energy and infrastructure, as a key pillar of cooperation. See Ministry of Foreign Affairs of the People's Republic of China (MOFA-PRC), "Forum on China-Africa Cooperation Beijing Action Plan (2019-2021)," September 5, 2018; and MOFA-PRC, "China's Arab Policy Paper," January 13, 2016.

d. John Aglionby, Emily Feng, and Yuan Yang, "African Union accuses China of hacking headquarters," *Financial Times*, January 29, 2018.

e. Salem Solomon, "After Allegations of Spying, African Union Renews Huawei Alliance," *Voice of America*, June 7, 2019.

f. Nicole Perloth, "Governments Turn to Commercial Spyware to Intimidate Dissidents," *New York Times*, May 29, 2016.

g. Steven Feldstein, "The Global Expansion of AI Surveillance," *Carnegie Endowment for International Peace*, September 17, 2019.

h. Chris Buckley and Paul Mozur, "How China Uses High-Tech Surveillance to Subdue Minorities," *New York Times*, May 22, 2019.

dispute between Djibouti and Eritrea after Qatar's diplomatic crisis prompted the withdrawal of Qatari peacekeepers from the area.¹⁴ Eritrea and Djibouti sought AU mediation instead.

In East Asia, China's attempts to influence its neighbors' policy choices, at times by using economic leverage and military might, have generated deep skepticism of its intentions and undercut much of its public messaging.¹⁵ In contrast, states in the Red Sea arena tend to have more positive views of China. In interviews conducted for this report, officials and experts in the Horn of Africa expressed appreciation for the fact that Beijing sees their region as a land of business opportunities. In addition, China's messaging that economic development and poverty alleviation must come first to sustain peace and stability resonates deeply, especially with governing elites in a region where many states are still struggling with development challenges and turbulent political transitions.

Unlike in its immediate periphery, Beijing does not have some of its most sensitive interests directly at stake in Africa or the Middle East. It has, however, used its influence in the Red Sea arena to rally support for its policies on Taiwan, Xinjiang, and Hong Kong and for its territorial claims in the South China Sea. For instance, a number of Red Sea arena states, including Djibouti, Egypt, Eritrea, Oman, Saudi Arabia, Somalia, South Sudan, Sudan, the UAE, and Yemen, signed a letter in 2019 expressing support for China's policies in Xinjiang at the UN Human Rights Council.¹⁶ Many Red Sea countries have also publicly supported China's position rejecting the legitimacy of the UN arbitral tribunal that ultimately invalidated China's claims in the South China Sea in a 2016 ruling. (See table on page 14.) China's sheer economic importance in the region, and at times its direct pressure, will likely continue to generate political support for Beijing in the international arena. As long as regional states face little to no consequences at home or abroad for supporting or at least muting their criticism of China's official positions, they are likely to continue such behavior to stay in Beijing's good graces.

Finally, China's military presence in the Red Sea arena has naturally grown along with its expanding strategic and economic interests. Its interest in maritime security is unsurprising given this theater features one of the world's busiest waterways and two strategic choke points, critical for trade and especially the transport of oil and liquefied natural gas (LNG). To the north is the Suez Canal, which connects the Red Sea to the Mediterranean. To the south is the Bab el-Mandeb Strait, which opens to the Gulf of Aden and the Arabian Sea. An estimated \$700 billion worth of goods—or almost all the of maritime trade between Europe and Asia—passes through the Bab el-Mandeb Strait annually.¹⁷ China has a strong interest in keeping these waterways secure to prevent disruptions in the flow of oil and LNG and its hundreds of billions of dollars' worth of trade with the European Union, much of which transits the Red Sea.

The early forays of the People's Liberation Army Navy (PLAN) in the theater began with counterpiracy patrols in the Gulf of Aden in 2008. By the end of 2019, Chinese state media reported that the PLAN had dispatched thirty-four escort task forces that have helped escort more than 6,700 Chinese and foreign-owned vessels.¹⁸ In 2011, the PLAN and PLA Air Force played a role in evacuating more than 35,000 Chinese citizens from Libya; in 2015, the PLAN evacuated nearly 900 Chinese and foreign nationals from Yemen's port of Aden.¹⁹ Then, in 2017, China opened its first military base in a foreign country in Djibouti, which also hosts a US base and Japan's only overseas military base in addition to

French and Italian bases. Citing its necessity for engaging in military cooperation and joint exercises, emergency rescue and evacuations, peacekeeping missions, and joint maintenance of international strategic seaways, China maintains a mechanized company of PLA marines on this base. China has also constructed a multiuse naval pier at the adjacent Doraleh Multi-Purpose Port capable of berthing and resupplying most types of PLAN ships.²⁰

China's base in Djibouti has raised immediate concerns about operational safety and counterintelligence issues as well as broader concerns about China's growing power projection capabilities and its potential to control or shut down SLOCs. In addition, potential China-Russia cooperation in the Red Sea arena may become a cause for concern, though the extent and durability of the partnership is still up for debate.²¹

Even before the PLAN's permanent presence in the region, China was militarily engaged with Red Sea states, deploying peacekeepers across UN missions in Africa and conducting arms sales to Ethiopia, Egypt, Sudan, South Sudan, and more recently to Gulf countries.²² In recent years, Beijing has also shown increased interest in military exchanges and joint exercises in the region, and in capacity building through training programs for its counterparts. Over the last sixteen years, for example, the PLA has engaged in nearly two hundred exchanges, such as port calls, bilateral and multilateral exercises, and meetings between senior military officials. In 2019, China inaugurated its first China-Africa Peace and Security Forum, where representatives of the Chinese military and ministry of defense met with representatives from the AU and about fifty African countries, seven of which are in the Horn.

Despite its increased military engagement, China has to date shown no interest in serving as the region's principal security provider or otherwise adopting the US role as the premier military power in the arena. Besides hosting more than three thousand American personnel at Camp Lemonnier in Djibouti, the United States stations approximately ten thousand troops in Qatar, primarily at Al Udeid Air Base, its largest in the Middle East.²³ It also has five thousand military personnel stationed in the United Arab Emirates, many at the Al Dhafra Air Base, as well as hundreds of troops in Somalia and Oman and a growing presence in Bahrain and Saudi Arabia.²⁴ Further, China continues to rely heavily on the US Navy and others to secure SLOCs in the region.

Barring a fundamental shift in China's grand strategy or the unlikely situation in which developments in the Red Sea pose a direct threat to China's homeland or its vital security or economic interests, Beijing's general approach to the region is unlikely to change.²⁵ China will continue to see economic engagement, as opposed to deep military involvement, coupled with its policy of noninterference, as its primary way to win friends and influence in the Red Sea arena.

»» BOX 2. CHINESE ARMS SALES

Although China is not the top supplier of arms to states in the Red Sea arena, most of these states have acquired major arms from Beijing over the past two decades. These sales do not appear to have had a decisive impact on active conflicts in the region in recent years, but they are an important component of China's military engagement and efforts to enhance its bilateral relationships in the region. From 2000 to 2018, eleven of the twelve Red Sea arena states examined in this report—Djibouti, Egypt, Ethiopia, Oman, Qatar, Saudi Arabia, Somalia, South Sudan, Sudan, the UAE, and Yemen—purchased arms from China. Chinese exports over that period included multiple rocket launchers, surface-to-air missiles, armored personnel carriers, and helicopters.^a

China's role in supplying arms to the Gulf States is minor relative to that of the United States, which is the top arms exporter for Saudi Arabia, the UAE, and Qatar. But recent data show that China nevertheless is a major provider for sub-Saharan African countries. According to data from the Stockholm International Peace Research Institute, China accounted for nearly 25 percent of arms exports to sub-Saharan Africa from 2014 to 2018, while the United States accounted for less than 10 percent. Notably, the breadth of Chinese arms exports has increased significantly in recent years.^b

In the past, China faced international criticism for supplying arms that were making their way to conflict zones in the region. Human rights groups accused China of violating a UN arms embargo between 2007 and 2012 by supplying weapons that were contributing to genocide in Darfur.^c China was also accused of fueling the 1998 to 2000 Ethiopia-Eritrea war by selling arms to both sides.^d The impact of Chinese arms sales on more recent and current conflicts in the region is less apparent, however. One exception is the ongoing conflict in Yemen, where Chinese combat drones have been used by UAE forces.^e Chinese rifles have appeared in Somalia in recent years, but tracing how militia groups acquire Chinese arms is difficult, and it is possible that such weapons were acquired without China's knowledge or facilitation.^f Given China's desire to remain on the sidelines of regional conflicts, Beijing is likely to avoid selling arms in numbers that can tip the scales in favor of one side or another in various regional rivalries for the foreseeable future.

a. According to the Stockholm International Peace Research Institute (SIPRI) Arms Transfer Database, all Red Sea arena states, with the exception of Yemen and Eritrea, purchased arms from China. However, UN data based on reporting by China notes that Yemen imported missiles and missile launchers from China in 2007 (see United Nations Register on Conventional Arms database on "Transparency in the Global Reported Arms Trade").

b. Pieter D. Wezeman et al., "Trends in International Arms Transfers, 2018," SIPRI Fact Sheet, March 2019.

c. *New York Times*, "China and Russia accused of breaking UN arms embargo in Sudan," May 9, 2009; and Mohammed Abbas and Andrew Roche, "Russian, Chinese arms used in Darfur abuse: Amnesty," Reuters, February 8, 2012.

d. Earl Conteh-Morgan, "China's Arms Sales in Africa," Oxford Research Group, April 19, 2017.

e. Rawan Shaif and Jack Watling, "How the UAE's Chinese-Made Drone Is Changing the War in Yemen," *Foreign Policy*, April 27, 2018.

f. *Al Jazeera*, "UAE violating Somalia arms embargo: Report," October 11, 2018.

China and Middle Eastern Powers

A host of regional powers are engaged in the Red Sea arena, each with its own long and complex history in the region and in competition to protect its present-day interests. Middle Eastern powers—roughly divided into an Arab axis led by Saudi Arabia and the UAE, the Qatar-Turkey axis, and Iran—are all seeking influence in the Horn of Africa. These states are offering economic investments and foreign aid, scrambling for military bases and ports in strategic locations, and waging proxy conflicts.²⁶ Because China has economic and political ties across these groups, it has refrained from choosing sides or using its influence to dampen rivalries that are exacerbating conflicts in the Red Sea arena.

Gulf States

China's engagement with the Gulf States formally began in the 1990s, when the GCC and Beijing established official relations.²⁷ Since the 2000s, China's trade and investment activities with GCC states have seen double-digit growth with Beijing's interest in energy and the designation of the Persian Gulf as a strategic corridor for China's BRI. Saudi Arabia has emerged as one of China's most important partners in the region, reporting a nearly fifteenfold increase in trade from 2000 to 2015, the initiation of high-profile joint economic projects in the kingdom, and frequent diplomatic exchanges between top Chinese and Saudi leaders.²⁸ Much of China's trade relationship with Saudi Arabia revolves around oil, which made up 17.1 percent of China's total crude oil imports in 2018.²⁹ China and Qatar also enjoy a comprehensive relationship anchored in the BRI and resource trade. Since announcing their strategic partnership in 2014, the two states have pursued joint infrastructure projects and conducted several military-to-military exchanges.³⁰ Finally, China and the UAE established a strategic partnership in 2012 and shared about \$53 billion in bilateral trade in 2019, a value that was, before the COVID-19 outbreak, expected to hit \$70 billion in 2020.³¹ In recent years,



China's President Xi Jinping and Saudi Arabia's King Salman bin Abdulaziz attend a welcoming ceremony at the Great Hall of the People in Beijing on March 16, 2017. (Photo by Thomas Peter/Reuters)

the relationship between China and the UAE has grown closer as cooperation has expanded in several sectors, including trade, technology, and investments.

Although China and the Gulf States have dramatically increased their economic and political ties in recent years, their relationships have remained focused on economic cooperation. The BRI has brought massive investment and financing opportunities for the Gulf States, though at times Chinese state-owned firms have emerged as competitors with Gulf entities in the Horn of Africa. Gulf States, however, generally view the BRI as a positive economic opportunity and have welcomed China's growing engagement in their region, valuing ties with Beijing as a way to diversify their strategic partnerships. China is seen as another major power partner to cultivate in addition to the United States—traditionally the region's central security partner.³² Growing doubts, however, about the US commitment to a four-decades-long policy rooted in the Carter Doctrine of securing the Gulf may be hastening a trend to look toward China as a potential security guarantor despite Beijing's lack of interest to date in assuming such a role.

Iran

Iran is not within the Red Sea arena as defined by this report, but its presence and ongoing rivalry with the Gulf Arab states has an impact on conflict dynamics in the region and therefore necessitates its inclusion in this section. China and Iran have deep ties that leaders in both countries emphasize stretch back millennia. Military and security linkages are extensive, from arms sales to military exchanges.³³ Tehran has historically been a major supplier of oil to China, especially throughout the 2000s, when it was consistently one of Beijing's top three suppliers.³⁴ China's imports dipped in the early 2010s, however, following an international sanctions campaign led by the United States to pressure Iran over its nuclear program.³⁵ In 2016, after the signing of the P5+1 nuclear deal known as the Joint Comprehensive Plan of Action (JCPOA), the two countries committed to a comprehensive expansion of bilateral relations over the next twenty-five years.³⁶ Amid tensions between the United States and Iran, particularly after Washington's withdrawal from the JCPOA, Tehran has increasingly turned to Beijing for economic and diplomatic support.³⁷ Chinese energy companies play a major role in Iran's energy sector by providing both capital and technical assistance even though sanctions pressure has also forced them to retreat in some cases. In 2017, the two countries pledged to cooperate on projects as part of the BRI.³⁸ Iran has also signed on to China's Asian Infrastructure Investment Bank and aims to join the Shanghai Cooperation Organization, where it currently has observer status.³⁹

Geopolitically, both Beijing and Tehran see each other as partners in countering US power in their respective regions. At the same time, Chinese and Iranian interests do not always align. Beijing seeks political stability and status quo governments across the Middle East, whereas Iran has historically supported revolutionary insurgent movements, the Houthis in Yemen among them.

Implications for the Horn and Yemen

China and Middle Eastern regional powers differ in their approaches to the Horn of Africa. China has generally remained detached and reluctant to pick sides in the complex regional rivalries and their manifestation in local conflicts. Further, regional powers see China as the new major power player in the region, but primarily in economic rather than security terms. Beijing's growing presence therefore has yet to have a direct impact on how the Middle Eastern powers' long-standing rivalries play out in the Horn or in Yemen. Beijing relies on both Saudi Arabia and Iran for oil and desires to do business across the region. Thus, barring situations in which Chinese economic or security interests are severely threatened, Beijing is unlikely to heavily intervene in Middle Eastern rivalries or to use its influence to prevent these rivalries from exacerbating conflict in the arena.⁴⁰

China's Impact on Conflict and Fragility

The following case studies examine three key states in the Horn of Africa—Ethiopia, Djibouti, and Sudan—as well as Yemen. Ethiopia and Sudan are experiencing turbulent political transitions. Yemen is in the midst of civil war. Djibouti remains under a stable authoritarian government, but the presence of multiple foreign bases and militaries in its territory and its high levels of debt warrant close attention. Although the nature and extent of China's involvement differs in each of these states, the cases demonstrate facets of Beijing's general approach to the broader Red Sea arena: the prioritization of economic development and high-level diplomatic engagement; a modest but growing military presence; efforts to cultivate soft power; and a reluctance to get too involved in the region's conflicts, with direct interventions being the exception rather than the rule.

Ethiopia

The largest and most populous country in the region, Ethiopia has long been a heavyweight in the Horn. Addis Ababa is a political hub for the continent, serving as the headquarters of the UN Economic Commission for Africa as well as the AU, whose new \$200 million headquarters was funded and built by China in 2012.⁴¹

Following years of anti-government protests that began in 2015, Prime Minister Abiy Ahmed rose to power, promising political and economic reforms. Since assuming office, he has freed political prisoners, lifted bans on political parties, and committed to economic liberalization and democratic elections. In December 2019, he formed the new Prosperity Party, which replaced the Ethiopian People's Revolutionary Democratic Front (EPRDF), a four-party ethnic coalition that had ruled the country for three decades.⁴² Many have praised Abiy's efforts, but Ethiopia's political transition is far from complete. Internal rivalries, including an alleged coup attempt in June 2019, and a sharp rise of communal violence and uncertainty rooted in long-standing ethnic grievances, add to the turbulence of its political arena today.

In the foreign policy realm, Abiy has focused on expanding strategic partnerships with major extra-regional powers, including the United States, China, and Europe, and on engaging with Arab countries across the Red Sea. He has also worked to improve relations with neighboring countries such as Eritrea, Somalia, and Egypt, notably signing a peace agreement with Eritrea after twenty years of conflict, which helped him win the Nobel Peace Prize in 2019.⁴³

Ethiopia has been the fastest growing economy in the Horn of Africa for ten years, averaging a 9.9 percent growth rate—almost twice the regional average.⁴⁴ It still faces long-term economic challenges, however, including a burgeoning debt crisis and high rate of youth unemployment, all of which reinforce violent ethnic conflict and mass internal displacement.

Since establishing relations with the People’s Republic of China in 1970, Ethiopia has sought to deepen its political and economic ties with China. Prime Minister Abiy has described China as “the most reliable friend and the most cherished partner of Ethiopia” and has expressed a commitment to actively participate in China’s BRI.⁴⁵ Ethiopia was also the first African country to host a FOCAC meeting in 2003. Beijing has outlined three priorities in China-Ethiopia relations: “political mutual trust, cooperation on the Belt and Road Initiative, and cooperation in international affairs.”⁴⁶ Ethiopia has been called China’s “most eager student” based on the now-defunct EPRDF’s high level of participation in training programs organized by Beijing on topics ranging from poverty alleviation to domestic economic development. It is unclear, however, whether Abiy’s newly formed Prosperity Party will follow this practice.⁴⁷

China has been Ethiopia’s top trading partner since 2006, and Ethiopia enjoys the highest Chinese investment in its manufacturing sector of any country in the Horn. Many of Ethiopia’s industrial parks have been built with Chinese funding and technology, as has much of its air, road, and rail infrastructure.⁴⁸ Currently, about four hundred Chinese investment projects valued at more than \$4 billion are in operation in Ethiopia.⁴⁹ To put the magnitude of Chinese presence in the country into context, Chinese companies are reportedly building up to 70 percent of the roads in Ethiopia, displacing competitors such as Japan and South Korea with large-scale projects such as the Addis Ababa Ring Road.⁵⁰ One of the most notable Beijing-funded projects is the Addis Ababa–Djibouti Railway, which links the landlocked country to the Doraleh Multi-Purpose Port and was described by the Embassy of Ethiopia to China as a “lifeline” for Ethiopia’s economic growth.⁵¹ This railway, however, has struggled thus far with power outages and significant delays in operations, and its inability to effectively integrate with industrial and export zones has resulted in limited freight traffic.⁵²

Chinese involvement in Ethiopia’s economy has come with some drawbacks. According to the International Monetary Fund’s debt sustainability analysis, Ethiopia is at a high risk of external debt distress, and its government debt ratio stands at around 60 percent of its gross domestic product (GDP).⁵³ Further, concerns remain over the financial sustainability of the rapid pursuit of ambitious infrastructure projects.⁵⁴ Recently, Beijing forgave all of its interest-free loans to Ethiopia that were due by the end of 2018, possibly to address criticism of “debt-trap diplomacy,” although interest-free loans make up only a small proportion of Ethiopia’s total debt to China. It also extended the



Financed by China's Export-Import Bank and built in partnership with the China Railway Engineering Corporation, the Addis Ababa Light Rail system officially began service on September 20, 2015. (Photo by Minasse Wondimu Hailu/Anadolu Agency/Getty Images)

loan repayment deadline for the Addis Ababa–Djibouti railway project by twenty years, causing \$1 billion in losses to the state-owned China Export Credit Insurance Corporation.⁵⁵

Chinese labor practices in Ethiopia, and in Africa generally, have also been the target of much criticism for allegedly failing to create local jobs and transfer skills and technology. However, field research conducted in Ethiopia has shown that localization and working conditions are comparable to those of other foreign firms, with the exception of higher reports of abuse in manager-worker interactions.⁵⁶

China and Ethiopia have also sought to increase defense cooperation with mutual interests in counterterrorism and regional stability. In 2005, the two states signed an agreement to pursue joint training, exchange of technologies, and joint peacekeeping missions.⁵⁷ Since then, Beijing has supplied Ethiopia with artillery, light armored vehicles, and troop transport vehicles, and both governments continue to affirm the importance and breadth of their military cooperation with high-level visits.⁵⁸

Chinese media have also expanded their presence in Ethiopia's capital. Xinhua News Agency, the official Chinese state-run press outlet, has a regional office for the Horn of Africa in Addis Ababa and

a content-sharing agreement with its counterpart, the Ethiopian News Agency. Although Chinese state media is not particularly popular in Ethiopia, it is monitored in official circles, and the *China Daily* is widely distributed to international hotels, administrative offices of universities, and other institutions.

Spanning the economic, diplomatic, and security realms, China's engagement with Ethiopia is one of its most comprehensive in the Red Sea arena. However, its impact on the Ethiopian political transition, which remains threatened by ethnic tensions, is largely indirect. That is, Beijing has not sought to directly influence the direction or outcome of Ethiopia's domestic political transition. As many Ethiopian leaders and experts emphasize, however, China's continued economic engagement will be necessary for advancing development and creating opportunities for Ethiopian youth, all of which are essential elements for lasting intrastate peace. Ensuring that economic cooperation with China is financially sound, free of corruption, and results in high-quality and sustainable projects will be just as critical for long-lasting peace and stability.

Djibouti

Djibouti is a small, strategically located state on the west side of the Bab el-Mandeb Strait, where the Red Sea opens into the Gulf of Aden. The country is governed by President Ismail Omar Guelleh, who has been in power since 1999 and has been criticized for his authoritarian rule and pervasive corruption. Because Djibouti is resource poor, its economy is driven by its port complex and services connected to Red Sea shipping lanes, in addition to the rents it receives from foreign military bases. In recent years, Djibouti's rapid development of new ports and other infrastructure projects have raised concerns of a burgeoning debt crisis, given the high levels of public debt to China.

Djibouti's strategic location has also made it the centerpiece of both major power and regional security competition. It is host not only to China's first overseas military base and the only permanent US base in Africa, but also to forces from France, Germany, Italy, Japan, and Spain. Saudi Arabia, the UAE, and Russia have also expressed interest in establishing bases in Djibouti.⁵⁹

US interests in Djibouti center on Camp Lemonnier, which hosts the Combined Joint Task Force-Horn of Africa. The base serves several critical US objectives. It allows the United States to maintain a strategic presence in the region and to ensure freedom of navigation through the Bab el-Mandeb, functions as a platform for counterterrorism operations against groups such as ISIS and al-Shabaab, and supports the security of US embassies and American citizens across the region, including through rapid-response evacuation operations.⁶⁰

China established official relations with Djibouti in 1979, two years after the country's independence from French rule. Over the three decades that followed, the two countries had limited economic and military ties: Chinese construction firms built a handful of government buildings, stadiums, and schools in Djibouti City and senior military leaders from the two countries held infrequent exchanges. Beginning in the late 2000s, their security and economic ties began to expand, driven by new Chinese economic interests in the region and the PLAN's participation in counterpiracy

»» **Djibouti's strategic location has made it the centerpiece of both major power and regional security competition.**

operations in the Gulf of Aden starting in 2008. In 2015, a Chinese frigate evacuated Chinese and foreign nationals from Yemen to Djibouti, the first time that China's military helped other states evacuate their citizens during an international crisis.⁶¹

China's military engagement in Djibouti today centers on the Chinese People's Liberation Army Support Base, its first official base outside China. Opened in 2017 just west of Djibouti City, the ninety-acre facility is believed to have the capability to support five mission areas: Gulf of Aden

counterpiracy operations, intelligence collection, noncombat evacuation operations, peacekeeping operations, and counterterrorism operations. The facility is particularly valuable for China because it allows the PLA to keep Chinese peacekeeping forces resupplied and allows the Chinese military to gain experience in operating a base in a foreign environment. The base's location adjacent to the Doraleh Multi-Purpose Port, which is operated and financed in part by a Chinese state-owned enterprise, China Merchants Port Holdings, demonstrates a nexus in Chinese commercial and security interests in Djibouti. At least one berth at the port is reserved for PLA Navy access.⁶²

The proximity of the PLA Support Base to five-hundred-acre Camp Lemonnier has raised serious concerns among some US officials. Nowhere else in the world are US forces based so close, just miles apart, to a competitor nation's base.⁶³ In June 2019, a senior US Africa Command intelligence official accused China of "irresponsible actions" in Djibouti, including efforts to constrain international airspace, attempting to gain access to Camp Lemonnier, and flying drones to interfere with US flight operations, in addition to injuring US military aircrews operating near the PLA base in 2018.⁶⁴ Since then, multilateral discussions with the Djiboutian government have been held to deconflict airspace and no additional lasing incidents have occurred, but concerns remain about operational safety and counterintelligence operations.

China's economic engagement in Djibouti has centered on several major infrastructure projects that have contributed to US concern about Djibouti's debt distress. Financed by China's Export-Import Bank and built by Chinese state-owned enterprises, the projects help fill Djibouti's critical infrastructure needs to boost trade, transportation, and port services. But these projects have also resulted in high levels of government debt to China. The International Monetary Fund has warned of the risk of rapidly accumulated public debt in Djibouti, which doubled from 34 percent of its GDP in 2013 to 71 percent in 2018.⁶⁵ According to a 2018 report by the Center for Global Development, Djibouti had \$1.4 billion in loans from the Chinese government—the equivalent of 75 percent of Djibouti's GDP.⁶⁶

The biggest Chinese projects in Djibouti include the Doraleh Multi-Purpose Port, which became operational in April 2017; the Djibouti International Free Trade Zone, opened in July 2018; the Addis Ababa–Djibouti Railway, inaugurated in January 2018 to replace an outdated, narrow-gauge rail line; and the Djibouti–Ethiopia water pipeline.



The Doraleh Multi-Purpose Port, which was financed and built in part by China Merchants Port Holdings and sits adjacent to a Chinese naval base, demonstrates the nexus of China's commercial and security interests in Djibouti. (Photo by Yasuyoshi Chiba/AFP/Getty Images)

The Doraleh Container Terminal (DCT) is a strategically located major facility on the Red Sea near the Gulf of Aden in which China Merchant Port Holdings has a 25 percent stake. It was built by Dubai-based DP World, which—according to a concession agreement signed in 2006—had rights to operate the facility for thirty years.⁶⁷ The Djiboutian government, however, later launched a campaign to renegotiate terms of the deal after DP World built another port in Somaliland, threatening Djibouti's near-monopoly over landlocked Ethiopia's access to the ocean. In 2018, the government of Djibouti unilaterally nationalized the terminal. DP World sued and ultimately won multiple arbitration rulings against Djibouti in the London Court of International Arbitration, though Djibouti has yet to restore the company's rights and benefits to the terminal as demanded by the rulings.⁶⁸

The considerable debt Djibouti owes the Chinese government has raised concerns that a default could force Djibouti to hand control of DCT over to Beijing—a particularly worrisome scenario given that the US military and embassy receive a majority of their supplies through the terminal.⁶⁹ A number of US critics and lawmakers have raised concerns that China is intentionally engaging in “debt-trap diplomacy” to extend excessive credit to Djibouti with the ultimate aim of eventually taking over DCT.⁷⁰ Some analysts and officials worry that such a scenario could pose a risk to the

US presence in Djibouti, and thus its access to the Bab el-Mandeb and the Red Sea. Others point out that such a scenario is not very likely, for two reasons. First, the United States' inability to access the port would jeopardize its presence in Djibouti and result in the loss of rental income for the Djiboutian government, an outcome the Djiboutian government would likely seek to avoid. Second, China would pay a deep reputational price across the region if it were to engage in such behavior, as it learned through its controversial takeover of Sri Lanka's Hambantota port. Although it is difficult to assess the intentions of the various Chinese actors involved in the deals, what remains clear is that Djibouti has dangerously high liabilities.

China's presence in Djibouti has the potential for both short- and long-term impacts on regional conflict dynamics. First, despite genuine concerns about operational safety and counterintelligence issues posed by China's military presence in Djibouti and the need for vigilance, expert observers consulted for this report note that continued exchanges on deconfliction and crisis management, coupled with the PLA's increasing professionalization and experience operating an overseas base, can help mitigate the potential for inadvertent military clashes. Similarly, despite a competitive dynamic between China and a few regional states in the port business, as illustrated by the DP World case, this competition is unlikely to escalate into serious conflict given the Gulf States' greater interests in economic cooperation with China. Finally, China's military presence in Djibouti raises long-term concerns about its growing global power projection capabilities and potential to control and shut down SLOCs in the future. These concerns, at least in this particular theater, are mitigated by the fact that the United States and China, along with other regional players, share a clear interest in the free flow of trade and resources, and the freedom of navigation of naval vessels through the region.

Sudan

Located at the intersection of North and sub-Saharan Africa, Sudan is the third largest country in Africa by land mass and has 530 miles of Red Sea coastline.⁷¹ Since gaining independence in 1956, it has faced persistent internal conflict, including the 2003 genocide in Darfur and the secession of South Sudan in 2011. Sudan has been on the US list of state sponsors of terrorism since 1993, a designation that carries financial sanctions and restrictions on foreign aid.

Today, Sudan is in the midst of a momentous but fraught political transition after the ouster of Omar al-Bashir early in 2019. The uprising began in December 2018, sparked by shortages of food, fuel, and hard currency. Anti-government protests quickly expanded to include calls for the departure of al-Bashir, who had been indicted by the International Criminal Court (ICC) in 2009 and whose thirty-year rule had been marked by genocide, political oppression, economic hardship, and war.⁷² In April 2019, he was overthrown by Sudan's military, which suspended the constitution, formed the Transitional Military Council (TMC), and announced a two-year transitional government it would administer. In the months that followed, protesters led by the broad coalition known as the Forces for Freedom and Change (FFC) continued their demonstrations to demand a transition to a civilian government. In June, after a violent crackdown by security forces on protesters in Khartoum, the TMC and FFC reached a power-sharing deal brokered by the African Union that included

arrangements for a thirty-nine-month transition toward democratic elections set for 2022.⁷³ In accordance with the agreement, the Sovereignty Council was established in August and appointed the FCC-nominated Abdalla Hamdok as prime minister. In December 2019, he became the first Sudanese leader to visit Washington in three decades.

Until the ouster of al-Bashir and the political transition that followed, China's relationship with Sudan was among its strongest bilateral relationships in Africa. The two countries established diplomatic relations in 1959, but the relationship deepened after China began investing in Sudan's oil industry in the late 1990s. As part of Beijing's "Going Out" policy of promoting Chinese investment overseas, China National Petroleum Corporation then forged a partnership with Khartoum to develop oil resources in southern areas of Sudan. By 1997, it held a 40 percent share in the Greater Nile Petroleum Operating Company.⁷⁴ China remained engaged in Sudan's oil industry through the 2000s. In 2011, Sudan was its seventh main oil supplier.⁷⁵ China's deep engagement contrasted sharply with the approach of most Western states, which shunned the Sudanese government for its human rights abuses and support for terrorism.

China's close relationship with Sudan drove Beijing to take on a proactive role in helping Khartoum resolve its crises in Darfur from 2007 and its tensions with South Sudan from 2011. These mediation efforts marked a significant departure from China's traditional policy of noninterference in other states' internal affairs.

Before 2007, China was hesitant to act on the conflict in Darfur and often abstained on Sudan-related resolutions in the UN Security Council. After harsh international criticism and a campaign to boycott the 2008 Beijing Olympics over its role in supplying al-Bashir's government with weapons used in the campaign in Darfur, however, it was pushed to take action.⁷⁶ Beijing used its influence with the Sudanese government to persuade Khartoum to accept the deployment of a joint AU-UN peacekeeping mission to Darfur in 2008, hinting that a refusal to do so would cost Sudan its support at the UN.⁷⁷ After South Sudan seceded in 2011, China also contributed to mediation efforts between the two states. When negotiations reached an impasse over a dispute about the pricing for using oil pipelines in the north, China worked behind the scenes alongside the AU's High-Level Implementation Panel and other interested parties to end the deadlock.⁷⁸ In South Sudan, China supported the Intergovernmental Authority on Development-led mediation process from 2014 until a peace deal was signed in 2015. China has also contributed troops to UN peacekeeping missions in both Sudan and South Sudan. These troops burnish China's reputation within the host countries and on the international stage and provide real-world opportunities for Chinese personnel to hone their skills.

Upon South Sudan's independence in 2011, Sudan lost 75 percent of its oil reserves to the new country, diminishing Khartoum's economic and strategic significance as an oil supplier for Beijing. Although the petroleum facilities in the north remain crucial to the export of South Sudan's oil, Beijing has sought to transform its economic role in Sudan in line with Khartoum's efforts to adapt to the loss in oil reserves, such as opening the mining sector and increasing investments in cotton and



Chinese technicians operate drilling equipment in the Palogue oil fields in November 2010, which were then part of Sudan. Sudan lost 75 percent of its oil reserves to South Sudan upon the latter's independence in 2011. (AP Photo/Pete Muller)

livestock.⁷⁹ China has also financed a number of infrastructure projects in Sudan. Between 2000 and 2011, Sudan saw the launch of approximately sixty-five Chinese-funded infrastructure projects, such as the \$1.2 billion Merowe hydroelectric dam, key railway lines, and construction of the presidential palace.⁸⁰ Chinese companies have also proposed building several interstate railways, including one that would connect Port Sudan with key locations throughout the Horn of Africa. Sudan has expressed support for the BRI and signed onto the Belt and Road Energy Partnership at the Second Belt and Road Forum in 2019.

Nonetheless, China's economic interests in Sudan are no longer as significant as during the early 2000s. Beijing's response to the recent political turmoil in Khartoum has reflected this reality, in addition to its pragmatic assessment of al-Bashir's tenuous status. Despite having hosted the Sudanese dictator at the 7th Forum on China-Africa Cooperation just a few months before and having offered to support him in the face of an ongoing ICC order for his arrest, Beijing did nothing to block al-Bashir's overthrow in April 2019. Instead, it quickly established ties with Sudan's leadership, first with the TMC in April and then with the new civilian transitional government in August. When the AU convened talks in Addis Ababa in July between the TMC and the

FFC to broker a deal following the TMC's crackdown on protesters, China did not play a role in supporting AU efforts to bring the conflicting parties together.⁸¹

Finally, Sudan has also become an arena for competition among regional powers. Khartoum has several rival backers, including Saudi Arabia and the UAE, and Qatar and Turkey. Despite its interest in stability in the Red Sea arena, China has not challenged the destabilizing manifestations of these states' activities in Sudan, such as Saudi Arabia's use of Sudanese troops to wage a proxy war with Iran in Yemen, in part to avoid alienating any of its partners in the region.⁸²

Yemen

Sino-Yemeni relations date back to the early years of the People's Republic of China, when in 1958 the two countries signed a treaty of friendship. Yemen has historically been an energy provider for China, albeit a minor one. It continued oil exports to China through the early days of its civil war, but eventually export flows stopped completely, resuming only in August 2018.⁸³ China is Yemen's second largest trade partner after Oman, but the impoverished state of Yemen's economy means that trade flows are miniscule.⁸⁴ Yemen interacts with China through the China-Arab States Cooperation Forum as well as in limited bilateral engagements.⁸⁵ In July 2018, Chinese State Councilor and Foreign Minister Wang Yi held talks in Beijing with Yemeni Foreign Minister Khaled Hussein Alyemany. The official statement from China's Foreign Ministry declared that "China supports Yemen's efforts in safeguarding national independence, sovereignty and territorial integrity, supports the legitimate government of Yemen and supports the political settlement of the Yemeni issue."⁸⁶

Although Yemen's strategic location along the Bab el-Mandeb makes it a critical hub for regional and global shipping, and despite the two states having signed an MOU in 2018 to cooperate on the BRI, specific projects have yet to be announced.⁸⁷ China sees more risk than reward in getting deeply involved with the war-torn country to date.

A brutal civil war has decimated Yemen since late 2014, and it has become an arena for proxy battles between the existing government, supported by the Gulf States, especially Saudi Arabia and the UAE, and Houthi rebels, supported by Iran. Given that Yemen is already one of the region's poorest states and comparatively lacking in resource wealth, the civil war has led to a devastating humanitarian crisis and dominates Yemen's foreign relationships. China's most direct experience with the conflict was its 2015 operation to evacuate more than six hundred of its citizens and two hundred foreign nationals from Yemen, who were sailed first to Djibouti before flying home.⁸⁸ That operation stands out as an example of a more capable PLA protecting China's overseas interests, as well as for being the first time that China conducted an international evacuation operation for foreign citizens. The evacuation of its own citizens, however, greatly reduced direct Chinese interests in the conflict.

Officially, China seeks peace and stability in Yemen and supports the UN process, which has

►► **Beijing's lack of involvement in Yemen is rooted in its relatively low stakes in the conflict and its reluctance to take sides in the rivalry between Sunni Arab states and Shia Iran as its regional interests expand.**

focused on advancing dialogue between the parties.⁸⁹ Beijing also supported previous GCC-led political reconciliation efforts even before the war broke out in late 2014. In 2016, it reaffirmed support for the government of President Abd-Rabbu Mansour Hadi during Xi's January 2016 trip to Saudi Arabia.⁹⁰ It also briefly attempted to mediate in 2017 by arranging meetings between the Houthi forces and UN Special Envoy Ismail Ould Cheikh Ahmed to revive the then-installed UN process, though the effort fizzled.⁹¹ More recently, China promised \$90 million in humanitarian assistance for Yemen, Syria, and Jordan at the 2018 CASCF.⁹² Though it is unclear how much of that amount would go to Yemen specifically or whether the committed money was actually disbursed, the pledge is dwarfed by aid from other countries, such as the US contribution of \$721 million between October 2017 and February 2019.⁹³

Beijing's lack of involvement in Yemen is rooted in its relatively low stakes in the conflict and its reluctance to take sides in the rivalry between Sunni Arab states and Shia Iran as its regional interests expand. Although Beijing nominally seeks to end the conflict and has an interest in regional stability, Chinese leaders have refrained from publicly criticizing their Middle Eastern counterparts for their role in fueling the war. These regional powers are thus fighting in Yemen without much regard to China's views.⁹⁴

Conclusion

Chinese engagement in the Red Sea arena has brought real economic opportunities as well as risks to the region. Beijing has primarily used economic engagement to advance its key interests, which include boosting its economy and national security by promoting the Belt and Road Initiative and securing access to energy resources, protecting its citizens and investments in the region, and building ties through regional and Chinese-led multilateral mechanisms that generate support for itself in the broader international arena. Red Sea states are eager to partner with China to advance their economic development, but regional and outside observers recognize that such cooperation must be financially viable and free of corruption and lead to high-quality and sustainable outcomes if it is to help build a foundation for long-term stability and success.

Beijing also devotes extensive resources to its high-level diplomatic engagement and public diplomacy efforts in the region. Chinese leaders regularly engage with their counterparts through high-profile multilateral platforms such as the Forum on China-Africa Cooperation and the China-Arab States Cooperation Forum, in addition to bilateral engagements. Increasing diplomatic engagement, however, has not spurred Beijing to take on a central role in arbitrating regional disputes or to directly intervene in regional rivalries. China has nonetheless devoted vast amounts of resources to its public diplomacy efforts, funding scholarships and training programs and expanding its local media presence. This soft power push, coupled with its growing economic presence and digital influence, can have significant implications for norms, governance standards, and US soft power in the region.

China's military presence in the Red Sea arena has notably expanded in recent years with the opening of the PLA base in Djibouti—serving as Beijing's first step in expanding its military reach beyond its immediate neighborhood. Its military presence remains modest to date, however, and centers on protecting China's economic interests and citizens, and on boosting its global image

through contributions to peacekeeping missions and counterpiracy patrols. Even though the proximity of China's base to the military bases of the United States and its allies poses immediate operational and counterintelligence challenges, Beijing has shown no interest so far in deep military involvement or in displacing the United States as the premier military power in the Red Sea arena.

Taking these observations into account, Washington should adopt a nuanced approach to China in the region, disaggregating behaviors that are concerning and those that are not. The United States should craft a comprehensive and integrated whole-of-government policy underpinned by robust economic and diplomatic engagement, in addition to security support, that emphasizes coordination with its allies and partners. Although counterterrorism efforts and freedom of navigation in the region are vital US strategic interests, it is counterproductive to create or reinforce existing perceptions that Washington is interested solely in security issues. Nor is it helpful to convey narratives that emphasize "great power competition" or the need to "choose" between the United States and China because such narratives risk alienating states that seek close engagement with both major powers. US relationships in the region should be valued and strengthened for their own sake, not merely as a counterweight to China.

This report offers three core recommendations for how the United States should account for China's growing presence in the Red Sea arena:

- First, Washington should support Red Sea states to better manage China's growing economic, diplomatic, and military engagement in the region by expanding programs for institutional capacity building, strengthening civil society, and equipping current and next-generation leaders; increasing public diplomacy efforts to compete with China's soft power push and to constructively shape governance standards and norms, including on technology, in the region; encouraging US businesses to invest in conjunction with like-minded partners, which can help diversify Red Sea states' economic options, foster healthy commercial competition, and raise standards; and sustaining US security engagement in the region and continuing support for military professionalization, education, and training programs.
- Second, the United States should identify ways to minimize the chances of military conflicts by expanding existing efforts to exchange views with China on operational safety issues, to establish and practice clear rules of engagement, and to build confidence, in partnership with friends and allies.
- Third, Washington should also look for concrete opportunities for deconfliction and coordination with Beijing based on a shared interest in regional stability. It should explore opportunities to work with China in bilateral and multilateral settings on issues such as securing SLOCs, mitigating the destabilizing impact of regional power struggles, and advancing accountable, sustainable, and high-quality economic development in the Red Sea arena. The United States should also support the development of multilateral forums in the region, to promote political and economic integration, conflict mitigation, democratic norms, and cooperation on a wide range of shared interests across the Red Sea.

»» SPECIAL ADDENDUM

China and Covid-19 in The Red Sea Arena

As the COVID-19 pandemic sweeps across the world, the Red Sea arena has not been spared. The United Arab Emirates (UAE) reported the region's first confirmed case on January 29, 2020.^a As of mid-April, the twelve Red Sea states examined in this study were reporting anywhere from dozens to thousands of cases.^b Despite trailing Europe, Asia, and the United States in the number of reported COVID-19 cases, there are grave concerns about a coming wave of infections and the daunting trials ahead for the Red Sea states. Many of these countries, especially Yemen and those in the Horn of Africa, are already fragile and conflict-torn, or facing tenuous political transitions. They are also struggling with high levels of unemployment and debt, weak health systems, poor sanitation, and high rates of infectious diseases like HIV/AIDS, tuberculosis, and malaria. While it is difficult to predict precisely how and to what extent the COVID-19 pandemic, compounded by these existing challenges, will strain the region, there will undoubtedly be immediate and long-term humanitarian, economic, and political challenges requiring ambitious global cooperation and assistance to prevent the direst scenarios.

Since emerging from the worst of its own outbreak, China has stepped up its efforts to position itself as a global leader in fighting COVID-19. In March and April, Beijing began engaging in what has been called “mask diplomacy,” sending medical supplies and, in some cases, medical professionals to countries around the world. In the Red Sea arena, Chinese aid has primarily flowed to the African side of the region. Some of this assistance has come directly from Beijing coordinated through local embassies, and some from state-owned enterprises, private businesses, and individuals. In mid-March, Chinese billionaire Jack Ma pledged to donate over a million test kits, six million masks, and other critical medical equipment to be distributed by the African Union to the continent's fifty-four states.^c The initial response in Africa to China's assistance was mostly positive, despite some reports of backlash against bringing in Chinese doctors and Chinese medical supplies, albeit in states outside the Red Sea arena.^d Goodwill toward China also took a hit in mid-April, when reports emerged of coronavirus-related discrimination against Africans living in Guangzhou.^e

On the other side of the Red Sea, China's pandemic engagement with the Gulf States has largely revolved around expressions of solidarity. States such as Saudi Arabia and the UAE donated medical supplies and equipment during the peak of China's own battle with the virus, and the Arab League released a statement expressing confidence in the Chinese government's handling of the crisis.^f

At the time of writing, the COVID-19 outbreak continues to spread around the world, and it is too early to fully comprehend the long-term implications of the pandemic for China's presence and influence in the Red Sea arena. Whether Beijing's global image can fully recover from criticism that it mishandled the initial outbreak of the coronavirus in Wuhan remains to be seen. Facing a sharp economic downturn at home and a looming global recession, China's economic engagement in the Red Sea arena is likely to shrink in the near term.⁹ Beijing is currently facing pressure to provide debt relief to states in the Horn of Africa that were already struggling with high levels of debt and are now facing the added burden of fighting a devastating health crisis.^h Even before the pandemic, China had begun scaling back projects associated with its Belt and Road Initiative (BRI) because of slowing economic growth at home, a slew of failed projects, and international criticism of the BRI's motives, lack of transparency and sustainability. But while these factors may cause Beijing to reduce the scale of the BRI in the near term, China is unlikely to completely retrench or abandon the signature initiative underpinning its strategy for economic growth and global influence. China will likely remain economically, politically, and militarily engaged in the Red Sea arena for the foreseeable future as outlined in this report. Moreover, the demand for continued Chinese engagement is only likely to grow among the Red Sea states, especially if other sources of international investment and commercial activity diminish due to a prolonged global recession.

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- a. This study was undertaken before the global outbreak of COVID-19. At the time of writing, the pandemic has yet to peak in the Red Sea arena and the global situation continues to rapidly evolve.
- b. As of mid-April 2020, Yemen had reported only one confirmed case of COVID-19. This low count, however, likely reflected a lack of testing rather than the actual situation on the ground.
- c. Zeenat Hansrod, "China makes massive donation of medical supplies to fight coronavirus in Africa," Radio France Internationale, March 23, 2020.
- d. Kwasi Gyamfi Asiedu, "China wants to help Africa fight coronavirus but not everyone is welcoming," *Quartz Africa*, April 8, 2020.
- e. Jenni Marsh, "Beijing faces a diplomatic crisis after reports of mistreatment of Africans in China causes outrage," CNN, April 13, 2020.
- f. Tu Yifan, "Saudi Arabia to aid China against coronavirus," Xinhua, February 14, 2020; "Arab health ministers hail China's fight against COVID-19," Xinhua, February 28, 2020; Sheng Zhang, "In Search of Solidarity: The Coronavirus and China's Views of the UAE and Iran," FIKRA Forum, Washington Institute for Near East Policy, February 20, 2020.
- g. Orange Wang, "Coronavirus: China's 2020 growth forecast slashed in surprise move by prominent bank CICC," *South China Morning Post*, March 24, 2020.
- h. Prime Minister Abiy Ahmed of Ethiopia has been at the forefront of calling for debt relief and global assistance for Africa in the face of the coronavirus pandemic (Abiy Ahmed, "If Covid-19 is not beaten in Africa it will return to haunt us all," *Financial Times*, March 25, 2020). See also Joe Bavier and Karin Strohecker, "Africa's web of creditors complicates coronavirus debt relief," Reuters, March 27, 2020.

Notes

1. In USIP's parallel Red Sea Senior Study Group, the Red Sea arena encompasses nineteen African and Middle Eastern states. In addition to the twelve focused on in this report, it includes Bahrain, Israel, Jordan, Kenya, Kuwait, Turkey, and Uganda.
2. The personnel are distributed between troops on UN peacekeeping missions in Sudan and South Sudan, sailors involved in counterpiracy escort operations, and marines located at the base in Djibouti (Joel Wuthnow, "The PLA Beyond Asia: China's Growing Military Presence in the Red Sea Region," National Defense University Press Strategic Forum 303, January 22, 2020, 3, <https://ndupress.ndu.edu/Media/News/Article/2062554/the-pla-beyond-asia-chinas-growing-military-presence-in-the-red-sea-region>).
3. A forthcoming report by USIP's Senior Study Group on Peace and Security in the Red Sea Arena will advance recommendations for a strategic US policy approach, including goals, tools, and priorities, for the region. The present report focuses on how the United States should account for China's growing presence and impact in the region.
4. Jonathan Fulton, "China's growing presence in the Gulf," *East Asia Forum*, March 26, 2019, www.eastasiaforum.org/2019/03/26/chinas-growing-presence-in-the-gulf.
5. Jevans Nyabiage, "Scholarship offers driving China's soft-power play in Africa," *South China Morning Post*, September 28, 2019, www.scmp.com/news/china/diplomacy/article/3030570/scholarship-offers-driving-chinas-soft-power-play-africa.
6. HanBan-Confucius Institute/Classroom, "About Confucius Institute/Classroom," http://english.hanban.org/node_10971.htm.
7. For example, see "Full text of Chinese President Xi Jinping's speech at opening ceremony of 2018 FOCAC Beijing Summit (I)," Xinhua, September 3, 2019, www.xinhuanet.com/english/2018-09/03/c_137441987.htm.
8. China.cn.org, "Full text of Xi Jinping's report at 19th CPC National Congress" [in Chinese], November 6, 2019, www.china.org.cn/chinese/2017-11/06/content_41852215.htm; and Ministry of Foreign Affairs of the People's Republic of China (MOFA-PRC), "Wang Yi on the Objectives of a New Era in Great Power Diplomacy with Chinese Characteristics: Promoting the Establishment of a Community of Shared Destiny for Mankind" [in Chinese], October 19, 2017, www.fmprc.gov.cn/web/zyxw/t1503111.shtml.
9. "Full text of Chinese President Xi Jinping's speech," September 3, 2019.
10. Xinhua, "Xi Jinping Attends the Opening Ceremony of the Eighth Ministerial Conference of the China-Arab States Cooperation Forum and Delivers an Important Speech" [in Chinese], July 10, 2018, www.xinhuanet.com/silkroad/2018-07/10/c_1123104379.htm.
11. The Freedom in the World report produced by Freedom House is an annual ranking of the condition of political rights and civil liberties around the world. The 2019 report categorizes all twelve of the Red Sea arena states as "Not Free." Five are also listed in the "Worst of the Worst" category: South Sudan, Eritrea, Saudi Arabia, Somalia, and Sudan. See Freedom House, "Freedom in the World 2019," www.freedomhouse.org/report/freedom-world/freedom-world-2019/democracy-in-retreat.
12. According to Transparency International, countries in the Red Sea arena have an average corruption index score of 36 in 100, Ethiopia scoring a 34 (ranked 114 of 180 countries), Sudan a 16 (ranked 172), Djibouti a 31 (ranked 124), and Yemen a 14 (ranked 176). See "Corruption Perceptions Index 2018," www.transparency.org/cpi2018; see also Salem Solomon and Casey Frechette, "Corruption Is Wasting Chinese Money in Africa," *Foreign Policy*, September 13, 2018, www.foreignpolicy.com/2018/09/13/corruption-is-wasting-chinese-money-in-africa; and Daniel R. Russel and Blake Berger, "Navigating the Belt and Road Initiative," Asia Society Policy Institute, June 2019, www.asiasociety.org/sites/default/files/2019-06/Navigating%20the%20Belt%20and%20Road%20Initiative_0.pdf.
13. In 2011, China was a member of the Group of Ten countries that oversaw Yemen's political transition. In 2017, Beijing worked to restart talks between the UN envoy and the Houthis (I-wei Jennifer Chang, "China and Yemen's Forgotten War," Peace Brief no. 241, United States Institute of Peace, January 2018, www.usip.org/sites/default/files/2018-01/pb241-china-and-yemens-forgotten-war.pdf). Amid Qatar's diplomatic crisis in 2017, when Gulf Cooperation Council countries severed ties with Doha and imposed a blockade, China encouraged a resolution to the crisis from the sidelines. Maintaining that the dispute was an internal matter for the council, Foreign Minister Wang Yi nonetheless pledged that China was ready to perform "a constructive role in promoting peace talks," supported Kuwait's mediation efforts, and met with key leaders on the sidelines of regional summits and bilateral forums to encourage them to negotiate an end to the crisis. See Yang Yi, "Chinese FM calls for dialogue, greater role of GCC on Qatar diplomatic crisis," Xinhua, June 21, 2017, www.xinhuanet.com/english/2017-07/21/c_136459887.htm; and Rob Edens, "The China Wildcard in the Qatar Crisis," *The Diplomat*, August 9, 2017, <https://thediplomat.com/2017/08/the-china-wildcard-in-the-qatar-crisis>.

14. Liu Zhen, "China offers to mediate Djibouti-Eritrea border row as it expands military presence in Africa," *South China Morning Post*, July 25, 2017, www.scmp.com/news/china/diplomacy-defence/article/2103947/china-offers-mediate-djibouti-eritrea-border-row-it.
15. For instance, the Pew Research Center indicates that most countries still prefer US to Chinese leadership in the global arena; this sentiment is especially high among Asian countries in China's immediate neighborhood. African states tend to hold much more positive views (Pew Research Center, "Opinion of China," Global Indicators Database, Spring 2018, www.pewresearch.org/global/database/indicator/24).
16. UN Human Rights Council, "Forty First Session, Agenda Item 3," August 9, 2019, https://ap.ohchr.org/Documents/E/HRC/c_gov/A_HRC_41_G_17.DOCX. Qatar, an original signatory to the letter, has since withdrawn its name.
17. Alex de Waal, "Africa's \$700 Billion Problem Waiting to Happen," *Foreign Policy*, March 17, 2016, www.foreignpolicy.com/2016/03/17/africas-700-billion-problem-waiting-to-happen-ethiopia-horn-of-africa.
18. China Central Television, "Chinese navy escort formation: escorted more than 6,700 Chinese and foreign ships in 11 years" [in Chinese], December 24, 2019, <http://military.cctv.com/2019/12/24/ARTIFFBiRRQJw52GvRPI5xON191224.shtml>.
19. Shi Jiangtao, "Lessons to learn from Libyan evacuation," *South China Morning Post*, March 5, 2011, www.scmp.com/article/739925/lessons-learn-libyan-evacuation; and BBC News, "Yemen crisis: China evacuates citizens and foreigners from Aden," April 3, 2015, www.bbc.com/news/world-middle-east-32173811.
20. Xiao Shan [Hill], "The Chinese Navy's First Overseas Military Base in Djibouti May Moor Large Aircraft Carriers" [in Chinese, Radio Free International, October 12, 2019, www.rfi.fr/cn/中国/20191210-中国海军首个海外军港吉布提或可停泊超大航母.
21. Although China and Russia have carried out joint naval exercises in the Mediterranean, and in partnership with South Africa off the southern tip of Africa and with Iran in the Gulf of Oman, they have yet to exercise together in the Red Sea arena. For more, see Landry Signe, "Vladimir Putin is resetting Russia's Africa agenda to counter the US and China," *Quartz Africa*, October 22, 2019, www.qz.com/africa/1732316/putin-resets-russias-africa-agenda-to-counter-china-us; and Vita Spivak, "Russia and China in Africa: Allies or Rivals?" Carnegie Moscow Center, October 25, 2019, www.carnegie.ru/commentary/80181.
22. Other than small numbers of military observers sent to the Middle East (UNTSO) in 1989 and the Iraq-Kuwait border (UNIKOM) in 1991, China's first deployment of peacekeeping personnel to a state in the Red Sea arena was thirty-five peacekeepers (mostly engineers but also including other logistical support personnel) to Sudan (UNMIS) in 2005. In 2008, it sent 321 peacekeepers (mostly engineers) to Darfur (UNAMID). Its first deployment of combat troops to a peacekeeping mission was to South Sudan (UNMISS) in 2012 (Christoph Zürcher, "30 Years of Chinese Peacekeeping," Centre for International Policy Studies, January 2019, www.cips-cepi.ca/wp-content/uploads/2019/01/30YearsofChinesePeacekeeping-FINAL-Jan23-1.pdf). As of June 2019, China had 1,396 peacekeeping personnel—mostly troops but also some peacekeeping police and other staff—deployed to two missions: UNMISS in South Sudan (1,031 personnel) and UNAMID in Darfur (365 personnel). This is more than half of the 2,458 peacekeeping personnel in total deployed worldwide. The remainder were deployed to Mali (MINUSMA, 413), Lebanon (UNIFIL, 410), the Democratic Republic of the Congo (MONUSCO, 218), Western Sahara (MINURSO, 12), the Middle East (UNTSO, headquartered in Jerusalem, 5), and Cyprus (UNFICYP, 4). See China Factsheet, "China," UN Peacekeeping, <https://peacekeeping.un.org/en/china>; David Shinn, "Competition in the Red Sea: Perspectives from the African Side," George Washington University, March 7, 2019, www.scribd.com/document/401409590/Competition-in-the-Red-Sea-Perspectives-from-the-African-Side; and Sun Degang, "China's Soft Military Presence in the Middle East," *Dirasat* no. 31 (January 2018): 13, www.kfcris.com/pdf/07b46fba22562acf20bb92fb68f5ea5c5aaa1f036d535.pdf.
23. "Statement of General Stephen J. Townsend, US Army Commander with AFRICOM, before the Senate Armed Services Committee," January 30, 2020, www.armed-services.senate.gov/imo/media/doc/Townsend_01-30-20.pdf.
24. Matthew Wallin, "U.S. Military Bases and Facilities in the Middle East," American Security Project, June 2018, www.americansecurityproject.org/wp-content/uploads/2018/07/Ref-0213-US-Military-Bases-and-Facilities-Middle-East.pdf; John Vandiver, "Pentagon to cut scores of US troops in Africa as mission changes," *Stars and Stripes*, November 16, 2018, www.stripes.com/news/pentagon-to-cut-scores-of-us-troops-in-africa-as-mission-changes-1.556858; Rashaan Ayesh, "Where U.S. troops and military assets are deployed in the Middle East," *Axios*, January 8, 2020, www.axios.com/where-us-troops-deployed-middle-east-5e96fdb2-c7ba-4f26-90b4-7bf452f83847.html; and Associated Press, "A look at foreign military bases across the Persian Gulf," September 3, 2019, www.apnews.com/e676e805b77347108068afcf160313e2d. This number is based on a study that only considers official, permanent bases.
25. As one Chinese expert at the Institute of African Studies at the Chinese Academy of Social Sciences, a think tank associated with China's State Council, put it, China has no "core interests" to protect in Africa other than ensuring all states recognize its "One China Principle" (Zhang Hongming, "Hierarchical Analysis on China's Interests in Africa" [in Chinese], *West Asia and Africa* no. 4, 2016, www.xyfzqk.org/UploadFile/Issue/2ldzpanu.pdf).
26. Abhishek Mishra, "Gulf's involvement in Horn of Africa: Lesson for African countries," Observer Research Foundation, May 18, 2019, www.orfonline.org/expert-speak/gulfs-involvement-in-horn-of-africa-lessons-for-african-countries.
27. This report focuses on four Gulf countries: Oman, Qatar, Saudi Arabia, and the United Arab Emirates.
28. Jonathan Fulton, *China's Relations with the Gulf Monarchies* (New York: Routledge, 2018), 170–71.
29. Xinhua, "ELANE Data: China's crude oil imports in 2018 exceeded the 400 million mark" [in Chinese], January 8, 2019, www.xinhuanet.com/energy/2019-01/08/c_1123961726.htm.
30. Fulton, *China's Relations*, 171–72.

31. Dan Murphy, "The UAE signed a massive, \$3.4 billion deal with China—and that 'isn't a surprise,'" CNBC, April 29, 2019, www.cnbc.com/2019/04/29/china-uae-trade-deal-on-belt-and-road-isnt-a-surprise-wef-president.html.
32. Fulton, *China's Relations*, 64–67, 174.
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