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Issue Brief

Port de Djibouti: China's First Permanent Naval Base in the Indian Ocean

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February 23, 2016

S*ummary*

The Chinese naval presence in Djibouti in the Indian Ocean impacts the security of Peninsular India. Hitherto, the India-China border dispute was largely a land-air contingency. Now, the PLA Navy's presence in the Indian Ocean Region adds the third dimension and needs to be factored in future planning and preparations. Seen in conjunction with Gwadar, also a potential naval base, the role of the PLA Navy would be greatly enhanced and pose a threat to the Indian Navy in the region.

Two incidents in November 2015 have shifted the gaze of China watchers towards the Indian Ocean Region (IOR). The first was the visit of General Fang Fenghui, the Director of the People's Liberation Army (PLA) General Staff Department (also called Chief of General Staff), the top operations officer of the PLA, to Djibouti on 8 November. And the second was the candid admission on 23 November by US Army General David Rodriguez, the commander of US Africa Command, that "[T]hey (the PLA Navy) are going to build a base in Djibouti, so that will be their *first military location in Africa*" (emphasis added). Rodriguez also confirmed that China has signed a 10-year contract with Djibouti under which the latter would serve "as a logistics hub for China to be able to *extend their reach*" (emphasis added).¹ General Fang's visit, ostensibly to visit the PLA Navy (PLAN) warship *Sanya*, which was berthed at Djibouti, signals the permanent presence of the PLAN in the Indian Ocean Region. The development follows a well-articulated maritime strategy enunciated in the bi-annual Defence Paper titled *China's Military Strategy* released in May 2015. The paper states:

"In response to the new requirement coming from the country's growing strategic interests, the armed forces will actively participate in both regional and international security cooperation and effectively secure China's overseas interests."²

Further, the Defence Paper charges the PLAN with the task of gradually shifting its hitherto predominant focus on "offshore waters defense" to combining that with "open seas protection", a euphemism for shifting from "brown waters" to "blue waters".³

Djibouti: A Strategic Outpost

Djibouti, a small North African nation and a former French colony, sits at the mouth of the strategic strait of Bab al-Mandeb, between the Gulf of Aden and the Indian Ocean. The strait is a critical maritime energy transport artery through which pass 3.8 million barrels of crude oil per day, according to the Energy Information Administration (EIA) figures for 2013,⁴ making it the world's fourth busiest maritime energy chokepoint. It also lies at the junction of three highly troubled regions: the Arabian Peninsula (particularly Yemen), the Horn of Africa

¹ Kristina Wong, "China's Military Makes Move Into Africa," available at <http://thehill.com/policy/defense/261153-chinas-military-makes-move-into-africa> (accessed on 25 November 2015).

² The State Council Information Office of the People's Republic of China, "China's Military Strategy", May 2015, available at http://www.chinadaily.com.cn/china/2015-05/26/content_20820628.htm (accessed on 25 November 2015).

³ Ibid.

⁴ Gabe Collins and Andrew Erickson, "Djibouti Likely to Become China's First Indian Ocean Outpost," *China Signpost*, 11 July 2015, available at <http://www.chinasignpost.com/2015/07/11/djibouti-likely-to-become-chinas-first-indian-ocean-outpost/> (accessed on 26 November 2015).

(Somalia, Eritrea) and North Africa (Egypt, Sudan). Djibouti has played host to US, French and Japanese defence forces for more than a decade. In fact, the country has been an active base in the US war against terror, particularly for drone strikes in Somalia and Yemen.⁵ The US set up Camp Lemonnier in Djibouti in 2007 in a small 88 acre facility, which has since grown to 500 acres, with an air base, drone base and almost 4,000 troops stationed to ensure that US interests in Africa and the Arabian Peninsula are taken care of.

Djibouti is ruled by President Guelleh, who has had a strong grip on government for years, thus ensuring political stability. Besides, the international military presence affords Djibouti security in a very troubled and disturbed region.



Source: *China Signpost*, Note 5.

Guelleh has played his cards well. In 2014, he renewed the lease of the base to the US for 10 years, with a provision of extending it for another 10 years. But his decision came at a price. The lease was extended at an annual payment of USD 70 million, up from 30 million earlier, more than doubling the rentals, reflecting the “base’s expanded operations”.⁶ However, what took the US by surprise was Guelleh’s decision to allow China to set up a base just one day after the visit of John Kerry to Djibouti, a clear indication of the growing Chinese clout in the region.

⁵ Ibid.

⁶ Eric Schmitt, “U.S. Signs New Lease to Keep Strategic Military Installation in the Horn of Africa”, *The New York Times*, May 5, 2014, available at http://www.nytimes.com/2014/05/06/world/africa/us-signs-new-lease-to-keep-strategic-military-installation-in-the-horn-of-africa.html?_r=0 (accessed on 5 December 2015).

China Merchant Holdings (International), the port operations division of its mainland behemoth, China Merchants Group, acquired a 23.5 per cent stake in Port de Djibouti for USD 185 million, which includes two-thirds of the port's Doraleh Container Terminal. The Doraleh Container Terminal, with its 18-metre draft and 1,050-metre quay, can handle three million TEU (twenty foot equivalent unit) of cargo capacity a year, which is perhaps the most advanced in East Africa. In a statement, the company said, "Djibouti, which lies at the mouth of Red Sea makes it an ideal transshipment hub for cargo in and out of East Africa, and offers long-term growth potential as the economic momentum in the proximity intensifies over time."⁷



Source: *China Signpost*, Note 5.

The area offered by Djibouti to China is Obock, a small fishing village to the North of the Gulf of Tadjoura, which can, with dredging, become an excellent military support facility. Like the Djibouti port, which has a draft of 18 metres and can berth large warships, it is possible to create a similar capacity in Obock with the

⁷ "China Merchants Buys Control of Djibouti's Red Sea Container Terminal," *Infinity Cargo Express Limited*, available at <http://www.infinitycargo.com/index.php/en/careers/104-news-and-events/news/641-china-merchants-buys-control-of-djiboutis-red-sea-container-terminal> (accessed on 5 December 2015).

proven capability of Chinese marine engineers as witnessed in the South China Sea. Obock is separated from the rest of Djibouti by mountains to its West and a rising but relatively flat plateau to its North. The flat plateau affords construction of an airstrip and establishment of a base. Moreover, Obock is away from the US, French and Japanese military bases, providing the PLAN exclusivity and independent access.

Djibouti – China Relations

China established diplomatic relations with Djibouti in 1979. But it was not until after 2002 that the relationship actually intensified. The bilateral trade volume in 2002 stood at USD 49.83 million, of which China's exports were worth 49.81 million and imports a paltry 20,000. Today, with bilateral trade at around USD 200 million, Djibouti is not relevant in China's overall economic penetration of Africa. It is the country's strategic location that gained prominence when, in 2008, China looked at Djibouti as a logistics base for its flotilla providing security to Chinese merchant shipping from pirates in the Horn of Africa and in the Gulf of Aden. And its military potential was realised only when China evacuated its nationals from Yemen in April 2015 by ship and air via Djibouti. Soon after, China began negotiations in earnest for a permanent presence in Djibouti.

But the 'charm offensive' had begun much earlier. China began construction of high visibility projects like the Presidential Palace, the national war memorial, a stadium, two sports complexes and even the Djiboutian main administration building before testing the waters for a permanent base.⁸ On 22 November 2015, the 756 kilometre Ethiopia-Djibouti rail project, being constructed by two Chinese companies – China Railway Group (CREC) and China Civil Engineering Construction Corporation (CCECC) – was opened when 1125 tons of wheat from Djibouti arrived in Merebe Mermersa, approximately 112 km south of Ethiopia's capital Addis Ababa.

In 2014, China and Djibouti signed a Defence and Security Agreement, paving the way for the establishment of China's permanent military presence in Djibouti. Under this agreement, Djibouti offered the use of its port for the PLA Navy. In



exchange, "Djibouti had asked for military co-operation to be expanded in order that the operational capacities of the Djiboutian armed forces could be built up in order to safeguard security in the country and help consolidate peace and security in the sub-region," according to Defence Minister Hassan Darar Houffaneh who signed the agreement with the Chinese Minister of National Defence General Chang Wanquan. Djibouti also asked for patrol boats, airplanes and training in the PLA's colleges in the maritime, armaments, logistics and engineering sectors. On 18 June 2014, the Djiboutian Air Force received its first Chinese built MA-60 plane, while a Norinco WZ 551 APC was on display at the Djibouti Independence day parade on 27 June 2014, barely four months after the signing of the Agreement.⁹

Source: *IHS Jane's Defence Weekly*, Note 10.

Why is Djibouti Important to China?

China's economic penetration of Africa and Latin America, coupled with its growing status in international affairs, has necessitated that its interests be safeguarded by its own military. President Xi Jinping's 'One Belt, One Road' initiative, particularly the Maritime Silk Road component, is an ambitious plan to connect China to Europe and Africa through land and sea. Ostensibly an economic initiative, it has an inherent military component – the protection of extended sea lanes, for which China needs overseas bases from where its Navy could operate in the Indian Ocean Region. The acquisition of the base in Djibouti, whether for replenishment of its anti-piracy fleet operating off the coast of Africa or for deployment of its air and naval assets to conduct non-combatant evacuation operations (NEOs), represents a strategic shift in its foreign policy. According to Gabe Collins and Andrew Erickson:

"China has for decades proudly proclaimed its lack of military facilities on foreign soil, so seeking long-term military access at a quasi-base level is a massive about face. With long-term PLAN access to Obock likely coming soon, China is poised to cross the rubicon. Djibouti is thereby helping to catalyze a potentially significant symbolic and substantive shift in China's foreign security policy."¹⁰

There are other reasons too. As China aspires to become a global power and challenges the existing world order, permanent bases overseas hosting warships and long range strategic aircraft lend muscle to China's diplomacy. It signals China's arrival on the global stage as a power capable of guarding its interests worldwide. According to China's Military Strategy 2015, the armed forces have been

⁹ Jeremy Binnie, "Djibouti parades Chinese tank destroyer," *IHS Jane's Defence Weekly*, 28 June 2015, available at <http://www.janes.com/article/52608/djibouti-parades-chinese-tank-destroyer> (accessed on 6 December 2015).

¹⁰ Collins and Erickson, Note 5.

directed to "continue to *carry out escort missions in the Gulf of Aden and other sea areas as required*, enhance exchanges and cooperation with naval task forces of other countries, and *jointly secure international SLOCs*" [emphasis added].¹¹ More specifically, as mentioned earlier, the Defence paper charges the "PLA Navy to "gradually shift its focus from "offshore waters defense" to the combination of "offshore waters defense" and "open seas protection" as well as aim to "build a combined, multi-functional and efficient marine combat force structure." Djibouti fits the bill in furthering this strategy.

The most obvious advantage that Djibouti offers is as a rest, replenishment and maintenance base for the Chinese flotilla operating against piracy in the Horn of Africa. Since 2008, China has been depending on a number of ports off the East African coast for maintaining the flotilla. Now, it has become possible to have a permanent base that would enable direct air supplies from the mainland to be stocked in advance for the flotilla. After all, Djibouti is within a direct non-stop flying range from mainland China by IL-76 class of aircraft.

Djibouti also provides the PLA the capability to conduct special operations against non-traditional threats to Chinese assets or diaspora overseas. This has become all the more relevant after China passed a new counter terrorism law, which provides for the deployment of PLA and People's Armed Police Force assets overseas to counter threats to Chinese assets, diaspora and interests abroad.¹² In Africa, for example, China has signed contracts worth USD 70 billion in the construction sector alone, and has committed to a total of 3000 active projects.¹³ In the last decade, China-Africa trade grew by more than ten times from USD 20 billion to 220 billion, and is estimated to grow to 400 billion by 2020.¹⁴ Most importantly, the Chinese diaspora in Africa is about one million strong and growing.¹⁵ All this puts a premium on Djibouti as a base to ensure the safety, security and well-being of Chinese people and assets, which may come under threat.

Djibouti is an ideal base for the conduct of NEO (Non-Combatant Evacuation Operations), as was evident when China used the country to evacuate its diaspora from Yemen when Saudi Arabia-led coalition forces started airstrikes against the Houthi rebels inside Yemen in March 2015. Not only were Chinese nationals brought by ship from Aden to Djibouti, but, for the first time ever, the PLA Navy

¹¹ "China's Military Strategy," Note 3.

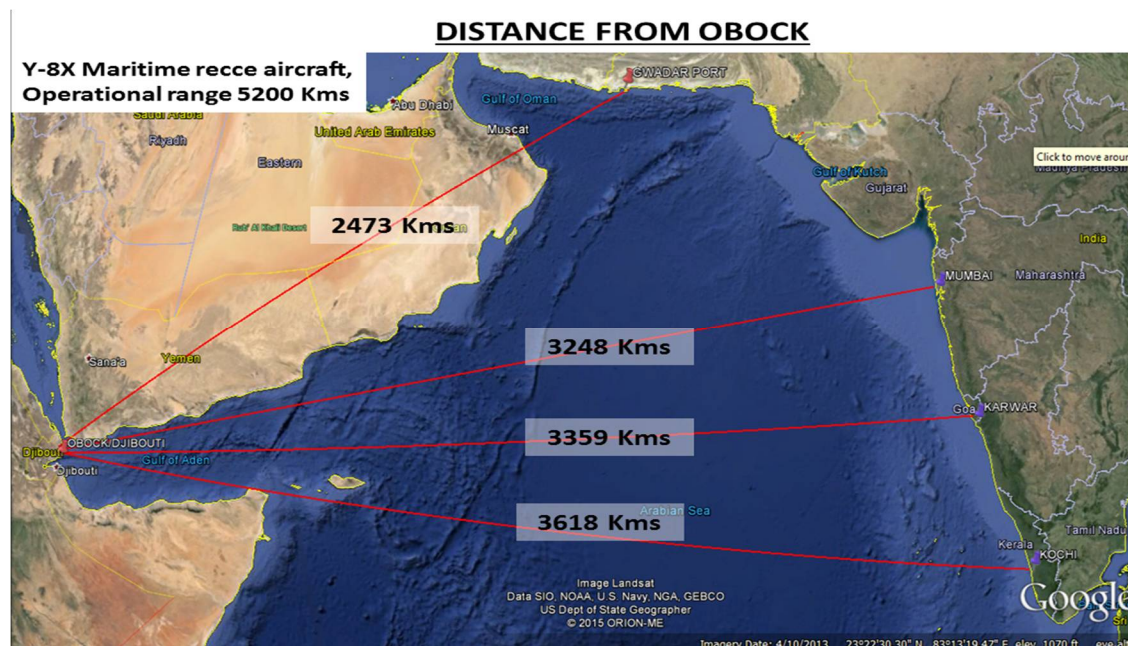
¹² See Counter Terrorism Law of the PRC passed on 27 December 2015, Chapter VI (Sec 58-59) and Chapter VII (sec 76), available at <http://chinalawtranslate.com/awpccp/?lang=e> (accessed on 10 January 2016).

¹³ See, for example, Pierre-Olivier Bussieres, "Africa and China's Construction Sector," *The Diplomat*, 18 December 2015, <http://thediplomat.com/2015/12/africa-and-chinas-construction-market/> (accessed on 23 December 2015).

¹⁴ "China-Africa trade approaches \$300 billion in 2015," *China Daily*, 10 November 2015, available at http://www.chinadaily.com.cn/business/2015-11/10/content_22417707.htm (accessed on 15 November 2015).

¹⁵ "Chinese Diaspora Across the World: A General Overview," *Report by the Academy of Cultural Diplomacy*, available at <http://www.culturaldiplomacy.org/academy/index.php?chinese-diaspora> (accessed on 15 November 2015).

also evacuated nationals of a number of countries earning their goodwill.¹⁶ Further, it "has demonstrated a more confident blue-water navy and given China a strategic



win in a venue outside its traditional comfort zone."¹⁷

Source: Author

Implications for India

The Chinese naval presence in Djibouti in the Indian Ocean impacts the security of Peninsular India. Hitherto, the India-China border dispute was largely a land-air contingency. Now, the PLAN presence in the IOR adds the third dimension and needs to be factored in future planning and preparations. Seen in conjunction with Gwadar, also a potential naval base, the role of PLAN would be greatly enhanced and pose a threat to the Indian Navy in the region.

In keeping with the China Military Strategy paper 2015, the PLAN is now suitably poised to patrol as well as protect sea lanes that cross the IOR. These sea lanes pass close to India's coastal areas and could be a future area of confrontation between the two navies. It also places a greater responsibility on the Indian Navy to

¹⁶ See, for example, "Chinese navy helps hundreds of foreign nationals evacuate war-torn Yemen," *Reuters*, 3 April 2015, available at <http://www.scmp.com/news/china/article/1755221/china-evacuates-foreigners-war-torn-yemen> (accessed on 10 January 2016).

¹⁷ Kevin Wang, "Yemen Evacuation a Strategic Step Forward for China," *The Diplomat*, 10 April 2015, available at <http://thediplomat.com/2015/04/yemen-evacuation-a-strategic-step-forward-for-china/> (accessed on 5 May 2015).

protect India's sea lanes that pass through the Pacific Ocean and lead to Indian ports through the Malacca Straits.

Djibouti also enables China to base its long range naval air assets there. And these are capable of maintaining surveillance over the Arabian Sea as well as India's island territories off the Western coast.

Finally, China-Pakistan maritime cooperation is likely to gain momentum in the times to come. While the PLAN would continue to increase naval exercises, the collusion between the two navies in an Indian contingency could become a reality.

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