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MONEY AS A WEAPON SYSTEM: ADOPTING CHINA'S STRATEGY IN DJIBOUTI

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MONEY AS A WEAPON SYSTEM: ADOPTING CHINA'S STRATEGY IN DJIBOUTI

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In 2001, Camp Lemonnier was established as the United States' sole permanent base location in Africa and the future home of the Combined Joint Task Force Horn of Africa (CJTF-HOA) and United States Africa Command (AFRICOM). Along with Djibouti's limited supply capabilities, China's increasing influence in the region has the potential to affect the Department of Defense's (DoD) ability to fulfill mission requirements. This research analyzed China's methods of economic statecraft by examining Djiboutian growth and historical uses of similar strategies. This research found that China has implemented commercial strategies that the United States does not use in Djibouti: strategies that have provided economic and political advantages, and that the United States could adopt. This research applies concepts learned from the Chinese to benefit DoD acquisitions and the United States' international economic strategy.

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MONEY AS A WEAPON SYSTEM:
ADOPTING CHINA'S STRATEGY IN DJIBOUTI

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ABSTRACT

In 2001, Camp Lemonnier was established as the United States' sole permanent base location in Africa and the future home of the Combined Joint Task Force Horn of Africa (CJTF-HOA) and United States Africa Command (AFRICOM). Along with Djibouti's limited supply capabilities, China's increasing influence in the region has the potential to affect the Department of Defense's (DoD) ability to fulfill mission requirements. This research analyzed China's methods of economic statecraft by examining Djiboutian growth and historical uses of similar strategies. This research found that China has implemented commercial strategies that the United States does not use in Djibouti: strategies that have provided economic and political advantages, and that the United States could adopt. This research applies concepts learned from the Chinese to benefit DoD acquisitions and the United States' international economic strategy.

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LIST OF ACRONYMS AND ABBREVIATIONS

AfCFTA	African Continental Free Trade Agreement
AGOA	African Growth Opportunity Act
AFRICOM	United States Africa Command
BRF	Belt and Road forum for international cooperation
BRI	Belt Road Initiative
CBA	cost benefit analysis
CIDCA	China International Development Co-operation Agency
CLCJ	Camp Lemonnier, Djibouti
CJTF-HOA	Combined Joint Task Force-Horn of Africa
DIFTZ	Djibouti International Free Trade Zone
DLSB	Djibouti logistics support base
EAC	East Africa Community
FDI	foreign direct investment
GoRD	Government of Republic of Djibouti
IMZ	International Monetary Fund
MCC	Millennium Challenge Corporation
ODA	official development assistance
OECD	Organization for Economic Co-operation and Development
UNCTAD	United Nations conference on trade and development
USAID	United States Agency for International Development
YALI	Young African Leaders Initiative

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I. INTRODUCTION

This introduction will establish the importance of Djibouti to the United States and the world stage. Throughout the paper, this will remain critical in regard to how various economic and political strategies may affect future U.S. operations and foreign policy. This report will also affirm why it is worth assuring that Camp Lemonnier remain able to conduct its operations. As the chapter continues, it will cover the overall purpose of this paper, its methodology, and its analysis approach on the United States' business practices in Djibouti and whether foreign methods might be more suitable in the long term.

A. WHY DOES DJIBOUTI MATTER?

The Republic of Djibouti, further on referred to as Djibouti and distinct from its capital city of Djibouti, is a small nation in the Horn of Africa resting between Eritrea and Somalia with numerous world powers clashing around it in one way or another. Almost the entirety of Djibouti's relevance on the world stage comes from its geographical location, bordering the Red Sea and the Gulf of Aden, and this constitutes its prime leverage over other nations competing for its one major valuable resource: ports (World Bank, 2019). Its main ports are responsible for large amounts of trade (World Bank, 2019). For instance, for many years nearly 100 percent of Ethiopia's exports have gone through Djibouti (Derso, 2018, para. 13). This served to incentivize Djibouti to double down on port investments. Djibouti also leases land to other nations such as the United States, China, France, and Japan, allowing them to launch military operations while clustered around the capital city of Djibouti (Fujiwara, 2018, para. 3, para. 8., para. 11). Djibouti's location serves as a catalyst in making Djibouti strategically important to the United States particularly for three major reasons: Djibouti's facilitation of military operations, its economic impact, and its relationship with China.

1. Facilitating United States Military Operations

Djibouti hosts the sole permanent U.S. military installation on the continent, Camp Lemonnier (Conteh-Morgan, 2019). This base in in close proximity to Djibouti's ports, and gives U.S. access to the Djibouti-Ambouli International Airport. It is also the primary base of operations for U.S. Africa Command in the Horn of Africa. Camp Lemonnier is the location from which counter-terrorism operations in Yemen and Somalia are launched. Many anti-piracy operations are also conducted in addition to drone strikes and extensive counter-terrorism activities. Since the Horn of Africa is such a politically unstable region, it has been of joint interest to major powers to help stabilize surrounding nations. United Nations Secretary General António Guterres has even prioritized, “mitigating the threat of foreign terrorist fighters, empowering and engaging youth, countering terrorist financing and improving aviation security,” across Africa, showing this is an internationally recognized issue (United Nations Secretary-General, 2019). Camp Lemonnier’s 20-year lease represents a long-term commitment by the United States both toward its operations and a cooperative relationship with Djibouti (Schmitt, 2014).

2. Djibouti’s Economic Impact

An estimated 12.5 percent to 20 percent of the world’s trade passes through the Bab-el-Mandeb strait situated near the Arabian Peninsula and Djibouti, making it a vital economic chokepoint for world trade (Sigman et al., 2019). Traffic through the Djibouti ports has steadily increased over the last decade as more nations have come to rely on Djibouti’s geographic advantage (Trading Economics, 2019). In July 2018, “Djibouti opened the first phase of the Djibouti International Free Trade Zone (DIFTZ), a $3.5 billion project established along with China that spans an area of 4,800 hectares” (Dahir, 2018). Once complete, DIFTZ will become Africa’s largest free trade area with the hope of boosting Djibouti’s status as a trade and logistics hub that will create jobs and provide a strategic base for global businesses (Dahir, 2018). The DIFTZ zone, managed by three Chinese companies (China Merchants Group, Dalian Port Authority, and IZP) along with Djibouti will become an integral part of China’s Belt Road Initiative. This plan has already attracted multiple Chinese private investors who have worked to create their own hubs in the zone (Dahir, 2018).

3. China’s Role in Djibouti

China has invested heavily in Djibouti (Kinyondo, 2019). The Trump administration in the U.S. had no true publicized policy on Africa until June 2019, with the release of the Prosper Africa Initiative (Signé & Olander, 2019). This lack of policy, coupled with an overall decrease in the annual trade balance with Djibouti (United States Census Bureau, 2019) has contributed to a situation where African nations seek foreign investment where China has had a mostly uncontested opportunity to fill. Djibouti’s location has made it a major player in China’s efforts to create a trade network of unheard-of proportions (Jeong-ho, 2019) with China in the center. While many primarily African and Asian nations are on board with this effort, the United States has steered clear and left China to continue to work unhindered. China has invested in infrastructure and provided many loans. Due to this, they have managed to incorporate Djibouti into their new vision of trade.

As of 2018, China’s loans to Djibouti contributed to 77 percent of all Djiboutian debt (BBC, 2018, para. 17). China Merchant Port Holdings now even controls operations in part of Djibouti’s major port (The Maritime Executive, 2019). Furthermore, China has established its first overseas military base a few miles from The U.S. Camp Lemonnier (Kinyondo, 2019). China’s increased presence, their large amount of political and economic leverage over Djibouti, and their involvement in major trade networks used heavily by Camp Lemonnier all indicate a growing threat that must be taken seriously.

B. PURPOSE

Foreign policy is rarely a topic that is presented with a straightforward answer to any particular issue. In this case, the problem is that the United States has operations flowing from a location that is ever reliant on outside aid to function since Djibouti generally lacks production capabilities by itself. To further complicate that issue, an entity with potentially competing interests, China, has been steadily growing into a position where it has the capability of disrupting those operations in some form or another. While this paper’s focus is not on stopping China’s growth, it is important to the security of U.S. operations to minimize potential threats to the maximum extent practicable. If the United

States is to maintain a position of power in the region, it needs to ensure it can continue to supply its operations while simultaneously working toward keeping Djibouti's favor. Due in part to this necessity, this paper strives to establish how the United States could mitigate future issues stemming from this combination of political and economic waves that have hit Djibouti in recent years. To that end, the specific intent of this research is to evaluate both China's position in the region as well as their business practices that have gotten them to that position, then determine whether or not those practices would be advantageous for the United States to adopt.

C. METHODOLOGY

Due to how rapidly the situation is changing in Africa and how recently many of China's initiatives have taken affect, there are relatively few scholarly articles published on the after-effects of China's major recent actions as opposed to the plethora of papers on the general topic of China in Africa in general over the last few decades. So, to answer the question of whether the United States should adopt any particular Chinese business practices in Djibouti, there will be a combination of peer reviewed papers largely covering the relevant history and use of various practices employed by the U.S. and China. Articles as well as news stories from various agencies that cover recent developments and statements from relevant officials will also be referenced. Data published by organizations such as the World Bank and the U.S. State Department will also be used as needed in order to paint a clearer picture into the financial state of either Djibouti or the finances relevant to a business practice. Also referenced will be numerous African journal articles in journals such as the Review of African Political Economy in order to ensure that the sources of analysis do not just come from the more extreme ends of the spectrum, that being the United States and China. This combination of U.S., Chinese, international, and African sources will serve as a conduit for a less biased look at China's actions and their effects.

D. ANALYSIS APPROACH

The issues associated with an economic strategy are broad and this paper cannot hope to encompass them all. One issue that has to be recognized early on is how some of China's practices might benefit China, but only to the detriment of another entity (such as

Djibouti), whereas the U.S. may not consider it in its best interest to take that course of action. Another issue is of the scope of any one of these courses of action that may ensure economic cooperation and continued military operations: many solutions are simply out of Camp Lemonnier's hands and would instead fall to the U.S. government as a whole. While issues like that are recognized, the analysis that comes in this paper will nonetheless acknowledge those actions as potential routes to take. This paper's analysis stops short of a cost-benefit analysis of any one course of action, instead opting to identify potential courses of action the United States could pursue to ensure continued operations and cooperation and simply expand upon the possibility of any potentially more promising outcomes. This will continue into suggestions on how the United States could feasibly begin implementing any of these new approaches. The conclusion shall establish what approaches the Chinese have undertaken that should be further evaluated in a more quantitative manner, where their use would likely benefit Camp Lemonnier and the United States as a whole.

E. SUMMARY

To summarize, this introduction established the importance of Djibouti to the United States and on the world stage, and briefly emphasized why it is important that the U.S. affirm its presence in the region. The chapter further went on to outline the purpose, methodology, and its analysis approach. Chapter II will expound upon previously written literature on the topic of China and the United States in Djibouti. Furthermore, it will provide a background as to the actions taken and stances regarding Djibouti by the United States, China, and Djibouti's own government.

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II. BACKGROUND

Chapter I discussed the importance of maintaining the capabilities of the United States in Djibouti as well as the position China finds itself in after their increased interest in the area. This chapter focuses on the actions of the United States and China as well as the effects they hope to have on Djibouti. It includes relevant literature on why these nations are taking certain actions and also recent developments with undetermined effects due to their recency. Chapter II continues by providing a background not just on the United States and China in Djibouti, but the goals Djibouti has for its own nation.

A. UNITED STATES PRESENCE IN DJIBOUTI

The United States views Djibouti as an area of importance largely for military reasons. It also recognizes Djibouti as a logistics hub and Africa as an area of significant potential growth, which has shaped much of the United States' policy in the last decade. Djibouti further serves as a ground for tensions between major world powers, notably China. The following section delves into a deeper account of both the political and military goals the U.S. has pursued in Djibouti.

1. United States Policy Goals

Djibouti's importance comes largely from its location. After the election of U.S. President Barack Obama, many African nations believed that Africa would begin to play a more prominent role in U.S. foreign policy. During the 2008 campaign, President Obama's campaign team identified three main objectives in its African policy:

1. To accelerate Africa's integration into the global economy
2. Enhance the peace and security of African states
3. To strengthen relationships with those governments, institutions, and civil society organizations committed to deepening democracy and accountability and reducing poverty in Africa (Schneidman, 2008).

During its first term, the Obama administration strived to build a cooperative relationship with Africa in hopes of building mutually beneficial economic development initiatives, "grounded in mutual responsibility and mutual respect" (Obama, 2009). In July 2009, President Obama addressed the Ghanaian Parliament for the first time since becoming president. His speech focused on four areas that are critical to the future of Africa and the entire developing word: democracy, opportunity, health, and the peaceful resolution of conflict. His speech expressed a sense of "tough love" to all Africans who have previously relied on aid from the U.S. as a solution to famine and health related outbreaks, economic downturns, and civil unrest. During his speech, President Obama pledged the continued commitment of the United States to African relations:

> As for America and the West, our commitment must be measured by more than just the dollars we spend. I've pledged substantial increases in our foreign assistance, which is in Africa's interest and America's interest. But the true sign of success is not whether we are a source of perpetual aid that helps people scrape by—it's whether we are partners in building the capacity of transformational change…We must start from the simple premise that Africa's future is up to Africans. (Obama, 2009)

He went on to address the need to shed corruption and tyranny, and the need to tackle disease outbreaks and poverty in order to have a prosperous future, concluding that now it would be up to Africa to propel itself forward. "But these things can only be done if you take responsibility for your future. And it won't be easy. It will take time and effort. There will be suffering and setbacks. But I can promise you this: America will be with you every step of the way—as a partner, as a friend" (Obama, 2009). This speech would be the start to the United States' new African policies built on partnership and business development rather than aid alone.

President Obama's 2010 National Security Strategy provided a new vision for the US-African relationship that called for partnership with African nations as they grow their economies and strengthen their democratic institutions and governance. This strategy stressed the importance of bolstering strong relationships with key partners to combat the global threat of al-Qaeda and its affiliates. In support of this new strategy, President Obama hosted a delegation from the African Union in the White House to reiterate the importance of “regional security, promoting good governance, and supporting economic opportunity” (The White House, 2010).

On June 14, 2012, the White House released the U.S. Strategy toward Sub-Saharan Africa. In President Obama’s letter, he stated that this policy “solidifies and advances many of the initiatives that we [the United States] have launched since I [President Obama] took office in order to help achieve that balance, and elevates two efforts that will be critical to the future of Africa: strengthening democratic institutions and boosting broad-based economic growth, including trade and investment” (Obama, 2012). Acting as a continued reflection of the Ghanaian Parliament address in 2009, the policy committed the United States to a partnership with sub-Saharan Africa to, “pursue the following interdependent and mutually reinforcing objectives: (1) strengthen democratic institutions; (2) spur economic growth, trade and investment; (3) advance peace and security; and (4) promote opportunity and development” (Obama, 2012).

Strengthen Democratic Institutions. In Ghana the president stated, “Africa does not need strong men, it needs strong institutions” (Obama, 2009). The new strategy shifted the United States policy toward work to advance democracy through actions including promoting transparent government, supporting leaders with democratic models, protecting human rights and independent media, expanding focus on fairness and impartiality, as well as encouraging democratic norms (Obama, 2012; Zeleza, 2013).

Spur Economic Growth, Trade, and Investment. The strategy also called for helping Africa’s economic growth through various means. This was in an effort to expand their economies past that of natural resource providers. These efforts included encouraging institutional reforms and private sector engagement, increasing financial transparency in government institutions, using U.S. initiatives to reduce barriers to trade and investments, encouraging Africa to develop a more diverse portfolio in their trade so they appeal to the global market, and campaigning to have more United States businesses get involved in the region (Obama, 2012; Zeleza, 2013).

Advance Peace and Security. The United States cared deeply about the security issues in Africa, as noted by their military presence. The United States’ stance was that

Africa and its people themselves needed to combat their obstacles to peace, and that the United States could only lend a hand. The United States stated it was in favor of efforts including counter-terrorist operations, security reform through partnerships with African militaries, the use of U.S. expertise to counter criminal organizations, bring perpetrators of violence to justice, and support United Nations' operations (which are notably peacekeeping missions). All of these emphasized the United States' focus on security (Obama, 2012; Zeleza, 2013).

Promote Opportunity and Development. Fourth, the administration wanted to encourage sustainable development in Africa. This involved a number of initiatives including the Global Climate Change Initiative, Feed the Future, and the Global Health Initiative. Specifically, actions in this area ideally included providing financing for poorer countries, securing a source of food for the population, attacking health care systems for improvement, encouraging women and children to pursue more advancement opportunities, maintaining humanitarian crisis resilience, and performing all the above actions with a focus on minimizing the impact on the environment in order to encourage a sustainable growth over a longer period of time (Obama, 2012; Zeleza, 2013).

In 2014, Washington, DC, hosted its first-ever U.S.–Africa summit. Fifty heads of state and heads of government throughout Africa took part in days of meetings with U.S. government officials. This summit was meant to advance the United States' focus on African trade and investment, as well as affirm the commitment of the United States on improving Africa's security, the development of its democratic institutions, and in the wellbeing of the African population. The theme of the summit was "Investing in the Next Generation," centered on the idea that Africa's younger generation is the answer to Africa's development in the future (U.S. Department of State, 2019). Highlighted during the summit, President Obama's main goals for U.S.–African policy were to work on stimulating growth, unlocking opportunities, and creating an enabling environment for the next generation" (U.S. Department of State, 2019). This was done through programs like Young African Leaders Initiative (YALI). YALI is a program designed for African youths to connect with leaders to grow and develop skills, reiterating President Obama's intent for Africa to grow from within and not rely on outside assistance (The White House, 2014).

USAID invested $38M toward four regional leadership centers that have begun to train many emerging leaders within Africa (USAID, 2014, para. 1). This has worked to promote, "creativity and collaboration in sectors critical to Africa's growth and development" (USAID, 2014, para. 1).

Since taking office in 2016, President Donald Trump had not officially released an African policy until December 13, 2018, when the Trump administration announced its intentions for US-African engagement. Released June 2019, President Trump's Prosper Africa strategy, like President Obama's, contained business-driven initiatives, rather than a focus on bilateral development assistance, to push for the development of African markets. The intent of the administration's new African policy was to focus on three U.S. interests on the continent:

> 1. Advancing U.S. trade and commercial ties with nations across the region to the benefit of both the United States and Africa
> 2. Countering the threat from Radical Islamic Terrorism and violent conflict
> 3. [Ensuring] that U.S. taxpayer dollars for aid are used efficiently and effectively. (Bolton, 2018)

The third point is notably in regard to the desire to stop giving out aid without prioritization or focus. While there is definitely a military factor to consider in these three points (which will be discussed further in the chapter), a reoccurring theme for U.S. policy over the last decade has been an increasing acknowledgement of the importance of building business ties with Africa.

While the United States claims to have an interest in the mutual growth of African and U.S. economies and stability, another undeniable factor in their policy making has been regarding China. The emphasis on business-first involvement in Africa's growing and emerging markets is largely intended to compete with China's economic activity in the region. During the 2018 announcement, John Bolton, President Trump's National Security Advisor, warned, "great power competitors, namely China and Russia, are rapidly expanding their financial and political influence over Africa. They are deliberately and aggressively targeting their investments in the region to gain a competitive advantage over the United States" (Bolton, 2018). Currently, China is Africa's largest trade partner, investing in the Belt and Road Initiative, increasing its foreign direct investments, and financing state-directed projects in the region. The Brookings Institution claims China's ability to leverage the debt many African nations hold to China forces those nations to procure Chinese goods and services, hindering U.S. efforts to get involved (Schneidman & Ireland, 2019). That is a contributing factor as to why the United States is looking to have U.S. businesses engage with the region.

2. United States Military Goals

As if the economic burdens and institutional instabilities were not enough to deal with, the United States must also contend with its military goals in the interest of peace and defense. Following the attacks on September 11, 2001, the United States created the Combined Joint Task Force-Horn of Africa (CJTF-HOA) to conduct stability operations in the Horn of Africa (CNIC, 2019). Camp Lemonnier, Djibouti (CLCJ), the home of CJTF-HOA, became the first and only permanent U.S. military base in Africa, the U.S. government leasing the land from the Djiboutian government along with the right to use the Djibouti-Ambouli International Airport and port facilities. Located in the capital of Djibouti, CLDJ acts as a strategic hub for counterterrorism operations in Yemen and Somalia. Home to roughly 4,000 U.S. troops and allied personnel, it also employs approximately 1,000 local and third country nation workers (CNIC, 2019). In 2007, a lease agreement was signed in order for the base to expand from 88 acres to almost 600 acres to support the United States' growing mission in the region (CNIC, 2019). In 2008, CLDJ was realigned in support of the stand-up of USAFRICOM, transferring responsibilities from U.S. Central Command (USCENTCOM) as it assumed authority over the African theater of operations (CNIC, 2019).

U.S. Africa Command (AFRICOM) was created in 2007, making it the first time the U.S. Department of Defense gave Africa its own area of command responsibility (Allen, 2018). From its creation, AFRICOM has been a controversial topic amongst strategic policy individuals and Africa as a whole. Djibouti was the sole nation to allow the U.S. to maintain an installation, and even then, only because the Djiboutians needed the funds (Daly, 2018). AFRICOM faced additional criticism as some thought the U.S. had a hidden agenda due to the U.S.' poor communication of its motivations (Pham, 2011).

> Our core mission of assisting African states and regional organizations to strengthen their defense capabilities better enables Africans to address their own security threats, and reduces threats to U.S. interests. We concentrate our efforts on contributing to the development of capable and professional militaries that respect human rights, adhere to the rule of law, and more effectively contribute to stability in Africa. (United States Africa Command [AFRICOM], 2019)

For those who defend its establishment, AFRICOM, "represents the vanguard of a new form of U.S. strategic engagement." According to Jessica Piombo, the AFRICOM mission was intended to be different from previous regional commands because, "working to protect U.S. security interests within Africa meant attempting to reduce the sources of insecurity and helping to strengthen African security capabilities, as well as assisting vulnerable communities to protect themselves against threats" (Piombo, 2015).

B. CHINESE EFFORTS IN DJIBOUTI

For the last few decades, Chinese involvement in East Africa has increased dramatically. This involvement covers the realms of military, economics, and politics. Militarily, China opened the Chinese People's Liberation Army Support Base in Djibouti in 2017. This base rests only six miles from Camp Lemonnier, the U.S. installation that maintains roughly 4,000 U.S. and allied troops at any one time (CNIC, 2019). Politically, China leveraged their economic power to gain a great deal of influence in South East Asia and East Africa (Scobell et al., 2018). Many African nations that China increased involvement with have autocratic governments (Roser, 2019). Policies have converged between China and African nations more so than in the past (Flores-Macías, & Kreps, 2013), and only one nation in Africa (Eswatini in South Africa) has chosen to support Taiwan over China due to China's "One China" policy being in opposition to recognizing Taiwan (Madowo, 2019, para. 1). Economically, China has committed billions of dollars to East African infrastructure upgrades (Chatzky & McBridge, 2019, para. 9). Their large investments that other banks and nations hesitate to provide has given them an edge in the area and pulled those nations closer in terms of dependence (York, 2019, para. 6).

1. Economic Influence and The Belt/ Road Initiative

In terms of aid and project financing, China has gone up from providing $455M per year to East African nations in 2000, up to $5B per year in 2014 (AidData, 2018); (Goodman, BenYishay, Lv, & Runfola, 2019). A large portion of these increases are due to their infrastructure agreements, transport and storage accounts for nearly half of China's aid to East Africa in that 15-year span (AidData, 2018; Goodman et al., 2019). This included port expansions for South East Asia as well as East Africa. China has tried in recent years to improve transportation in East Africa to allow Chinese access to trade in the rest of the continent. These projects have all been implemented under the Chinese government's assertion that such agreements will help bolster the local economies and foster future cooperation between China and African nations (Xi, 2019, para. 4).

Much of this effort was done in the name of China's One Belt and One Road Initiative, also known as the Belt and Road Initiative (Ministry of Foreign Affairs of the People's Republic of China [FMPRC], 2013). China introduced the Belt and Road Initiative in 2013, which was meant to be a massive undertaking to construct a network for transportation including roads, ports, energy, and railways (FMPRC, 2013). At its core, the idea of the initiative China pitched was that it would increase international connectivity and accommodate expanding trade traffic, in addition to boosting participants' economies (FMPRC, 2013). 28 country leaders attended the 2017 First Belt and Road Forum for International Cooperation (BRF) (Wong, 2017), and 37 attended the 2019 BRF along with a multitude of representatives from different nations and organizations (BBC, 2019). The increased participation demonstrates the growing appeal of the initiative, regardless of the reason (political, monetary, or otherwise).

In 2017, Chinese President Xi Jinping gave the keynote speech at the BRF and stated, "infrastructure connectivity is the foundation of development through cooperation. We should promote land, maritime, air and cyberspace connectivity, concentrate our efforts on key passageways, cities and projects and connect networks of highways, railways and sea ports" (Xi, 2017, para. 24). This naturally emphasized the potential economic benefits of the initiative for all the nations involved, rather than what benefits China would receive. In April 2019, President Xi Jinping stated at the press conference for the Second BRF that this initiative has, “opened up greater space for national and global economic growth, provided a platform for enhancing international cooperation, and made a fresh contribution to building a community with a shared future for mankind” (Xi, 2019, para. 4). The story that China keeps perpetuating is one of prosperity and success.

To that end, with the increase in BRF participation, China’s Belt Road Initiative (BRI) has certainly seen a rise in popularity by neighboring countries. Nation leaders that have participated in the program seem to be generally supportive. While some Western nations such as the United States have criticized the BRI as a “debt-trap” (Bodeen, 2019), others have bought into the claims of mutually beneficial agreements (Herrero, A., Xu, J., 2019). President Juan Carlos Varela of Panama wants to be a primary link between the Americas and Asia, and has been working with China since 2017 to ensure as much (APNews, 2019, para. 4).

Aboubaker Omar Hadi, the Chairman of Djibouti Ports and Free Zones Authority, has expressed that other nations and banks remain reluctant to provide loans for ambitious projects such as infrastructure improvements to African countries (York, 2019, para. 6); this in turn pushes those nations closer to China who gives them out more freely. This reliance on Chinese investment is a natural outcome given the nature of the program. To participate in the BRI, hosting nations of the upgrades have to borrow large sums of money that European and other Western institutions are reluctant to provide due to the instability and risk of those regions (York, 2019, para. 6). This in turn forces countries to rely on China’s willingness to lend, even if the terms are more favorable to China. Some nations struggle to pay their debts to China in time, while others have already failed. This has led to nations like the United States to call the BRI a “debt trap” (Pence, 2018).

The idea of a debt trap is that an unreasonable loan is given to nations in order to pursue the project. Oxford defines it as, “A situation in which a debt is difficult or impossible to repay, typically because high interest payments prevent repayment of the principal” (“debt trap,” n.d.). When the nation is unable to pay their debt, the lender will just seize assets for itself. The fear of this is higher given the sheer scale of debt some countries have amassed. In 2017, 74 percent of Zambia’s debt was to China (BBC, 2018).

Djibouti was at 77 percent to the Chinese (BBC, 2018). This not only proves a risk in the event of nonpayment, but also serves as a political tool on which China can capitalize.

The famous recent example of this concept is Sri Lanka. Sri Lanka borrowed a large sum from China to upgrade Hambantota Port, but the port failed to generate enough revenue to help pay off the upgrades (Abi-Habib, 2018, para. 3). As such, in 2017 Sri Lanka signed over 15,000 acres and the port to China for a 99-year term (Schultz, 2017, para. 1). However, even years later in April 2019, Sri Lanka Ambassador to Beijing Dr. Karunasena Kodituwakku defended the deal and shot down the notion of debt trapping. Dr. Kodituwakku admitted Sri Lanka had a high debt, but asserted that from now on it would be manageable without any excess difficulty (Zhou, 2019, para. 4). Based on an analysis performed by the Rhodium Group, defenders of the initiative note that Sri Lanka is the only country to face asset seizure in regard to the BRI, spurning claims of debt trapping (Kratz, Fent, & Wright, 2019). In 2019 Beijing forgave all interest on Ethiopia's BRI loans (McDonald, 2019, para. 5), and have forgiven almost $6B in debt for Cuba (Rapoza, 2019, para. 2). That research supported the idea that China is more likely to renegotiate terms rather than seize assets. Furthermore, according to the World Bank the difficulty of these debt repayments is expected to decline even further for many nations once the initial expenditures such as materials are finished being procured.

Despite the issues, while leadership is generally supportive (whether due to their preferences or needs), the citizens themselves also show general support due to China's involvement. According to a survey published in 2016, 68% of East Africans see China's economic actions as positive (noting that some relevant nations such as Djibouti were not included). Another survey shows Kenya's citizens giving varying approval ratings of China in different years, though it does portray a recent (2018) uptick in popularity compared to a regular decrease between 2013–2017. With African trade with China growing from $10B in 2000 to around $300B in 2015, citizens applaud the infrastructure development and business investments, though they do disapprove of the poor quality of some Chinese products (Lekorwe, Chingwete, Okuru, & Samson, 2016).

Along with foreign aid, two other notable methods are foreign direct investments and starting Chinese enterprises. A foreign direct investment (FDI), "refers to an investment in a foreign business enterprise designed to acquire a controlling interest in this enterprise. Direct investment provides capital funding in exchange for an equity interest without the purchase of regular shares of a company's stock" ("direct investment," n.d.). The foreign business enterprises refer to Chinese businesses starting up in Africa. Both of these have had effects on local populations and economies much like what China claims the BRI does.

Data from the United Nations Conference on Trade and Development (UNCTAD) shared that between 2011 and 2017, the amount of FDI provided by China has greatly increased. Between 2004–2010, China made $308M in FDI contributions to the East Africa Community (EAC), consisting of Burundi, Kenya, Rwanda, South Sudan, Tanzania, and Uganda (Johns Hopkins University SAIS China-Africa Research Initiative, 2019). During the 2011–2017 timespan, that number increased to $2.9B (Johns Hopkins University SAIS China-Africa Research Initiative, 2019). This is in contrast to the World Investment Report 2018 which announced worldwide FDI to Africa decreased 21% between 2016–2017 (United Nations Conference on Trade and Development [UNCTAD], 2018). For East Africa specifically, a 3% decline was shown (UNCTAD, 2018). UNCTAD's 2018 report further shows that the United States FDI stock data shows an investment in Africa of $57B in 2011 and again in 2016. Meanwhile, China has gone from $16B to $40B in 2011 and 2016, respectively (UNCTAD, 2018). While these amounts do not represent a majority of either nation's FDI, they do serve to show that Chinese businesses are starting to see more value in Africa and are pouring more resources into its ventures.

A third major effort of China to ingratiate itself with East African economies is the emigration of Chinese citizens and the start of new business enterprises overseas. China Daily, part of China's Publicity Department, claims while there were approximately 160,000 Chinese citizens living in Africa in 1996, that number increased to 1.1 million by 2012 (Zhou, 2017). China itself is a vast entity with a traditionally low-cost structure, in part due to relatively low wages for employees as compared to other parts of the world (Zafar, 2007), though they have notably risen in recent years (National Bureau of Statistics in China, 2018). Manufacturing is one sector that sees a large amount of hires due to the labor-intensive practices used (Xiaoyang, 2016).

Despite low manufacturing costs in China, 22% of Chinese investment in Africa was centered around manufacturing (Xiaoyang, 2016). Yet those higher manufacturing costs in Djibouti, when coupled with a lack of supporting infrastructure, were barriers to those wishing to enter the markets (African Development Bank Group [ADBG], 2014). Infrastructure, such as convenient transportation, is an ongoing effort of improvement with China helping alongside local African governments (Chatzky & McBridge, 2019). With business start-up costs falling in Africa (ADBG, 2014) and wages increasing in China for years (National Bureau of Statistics in China, 2018), realistic opportunities arise for Chinese businesses to pursue success overseas.

Some scholars believe enterprises have attempted to exploit the African market, resulting in accusations of unfair working conditions and wages (Xiaoyang, 2016). Those working on Chinese projects in Africa are largely part of the local population. A study conducted by the World Bank on Ethiopia (2012) found that team lead positions are generally given to Chinese workers since they often have a higher education (Geiger et al., 2012). From that hire, the leaders are expected to train the other workers to enable that transfer of knowledge and skills (Geiger et al., 2012). In fact, 69% of those Chinese companies claimed to have formal training programs to get Ethiopian workers up to speed as opposed to only 38% of the domestic firms (Geiger et al., 2012). So, in at least some sectors there is an interest in growing more skilled workers.

Training is not the only distinguishing factor in these jobs. The 2011 World Bank survey of Ethiopia found wages for locals working for Chinese enterprises were 13% above the estimated national salary. However, there was a such a discrepancy between the different enterprises that averages become useless for any sort of analysis. For instance, Mulungushi textile had such high costs it had to shut down since, due to the nature of the partnership between the Chinese and African governments, it was unable to reduce the wages or lay off most of its unnecessary workers. However, the study did not make note if there were other ways the company could have cut costs and failed (Xiaoyang, 2016). Other companies without those constraints have argued low wages are necessary in order to gain a foothold and keep competitiveness (Xiaoyang, 2016). Employers would claim that based on their experiences from China's economy rebounding, "sacrifices are necessary for economic takeoff" (Lee, 2009).

2. China's Military Presence in Djibouti

China's military presence in Africa was largely non-existent until 2017, when they opened their first overseas military base in Djibouti (Lo, 2018, para. 11). Prior to this, their interests have largely stayed in the economic and political realms. In line with that tradition, China does admit to a political goal in that the base serves to, "check the West's influence while serving its own interests" (Jeong-ho, 2019, para. 15). Keeping this in mind, China primarily claims the base is for peacekeeping efforts (FMPRC, 2017).

With its close proximity to Camp Lemonnier, U.S. forces worried about their port access and the exposure of their operations (Ali & Stewart, 2018). China's Djibouti Logistics Support Base (DLSB) has since conducted live-fire exercises in the name of preparing troops for the local environment (Lo, 2017), and with the base's heavy fortifications continues to influence U.S. thinking. The 10-year lease China has on the land serves as another confirmation of China's expansion into the region. Still, their single base with no notable military operations aside from sustained peacekeeping operations serves as a stark contrast to the U.S. emphasis of a strong military presence.

3. Africa's Natural Resources

A hotly discussed topic relevant to China's approach to Africa revolves around Africa's natural resources. Some literature discusses how China's (along with the United States) goal may be to exploit Africa's natural resources. Due to China's large population and growing economy, China has been looking abroad for ways to sustain itself for years. The importation of food, fuel, and raw materials are huge for China's continual growth, and China's energy consumption since 2005 has doubled (Stocking & Dinan, 2015). In 2013, China was responsible for 47% of all of the coal consumption in the world (U.S. Energy Information Administration [EIA], 2013). While that consumption did decrease in recent years, it again increased in 2018 and still accounted for 59% of China's total energy use (Hao & Baxter, 2019, para. 8). This just serves to emphasize the scale of resources required to keep China going.

One study (Dollar, 2016, chapter 2, International Trade between Africa And China, para. 18) found that, “The resource-abundant non-oil countries basically doubled exports as a share of GDP between 1995 and 2013, and almost all of this increase was attributable to China. This reflects China’s growing demand for copper, iron, zinc, gold, and other minerals.” Given that European countries are more hesitant to provide resources to African countries due to the high risk as stated earlier (York, 2019, para. 6), China (which has taken on those higher risks) has met with failure. Their investment failures are in part attributable to their willingness to take on higher risks (Dollar, 2015, chapter 3, China’s Direct Investment in Africa, para. 23). It is possible that some of these risks may end up being mitigated by a more stable infrastructure which would facilitate travel, technology, and trade across the region.

C. DJIBOUTIAN INTERESTS

Like many small states, Djibouti faces security issues and foreign policy dilemmas due to its size, location, and large neighboring states (Styan 2016). Djibouti did not gain its name or its independence until 1977, much later than most African countries. This led to its limited resources at time of independence. As one of the smallest countries in Africa, Djibouti is neighbor to Ethiopia and Somalia who have historical claims to its territory while sharing ethnic (Issa and Afar) and linguistic ties (Styan 2016). Frequent fights between these neighbors resulted in the creation of two new states, Somaliland and Eritrea, each of which border Djibouti (CIA World Factbook 2019). Djibouti’s dependence on outside security assistance stems from its ongoing border disputes with Eritrea and its geographic location between two war-torn states, Somalia and Yemen. As a result, Djibouti has welcomed a vast foreign military presence within its borders.

These factors and more have resulted in Djibouti’s lack of national identity and infrastructure to support its much-needed growth (Styan 2016). Despite its many disadvantages, Djibouti is still able to generate a significant amount of income from its strongest resource, its geo-strategic location.

1. Geo-strategic Location

Djibouti benefits not only from its location near the Gulf of Aden, the gateway to the Red Sea and the entrance to the world's busiest shipping lanes between the Indian Ocean and the Mediterranean, but also from its strategic location for military operations. "Current successes in diversifying economic and diplomatic support stem from the state's astute exploitation of two external events, one global, the other regional" (Styan, 2016, p 82). The United States' launch of the "war on terror" following the attacks on September 11, 2001; and the linkage of Ethiopia and Djibouti's export routes constitute these events (Styan 2016).

Styan goes on to say the following:

> Djibouti has been able to transform what appears as weaknesses and liabilities stemming from its highly vulnerable geo-strategic location, sandwiched between large neighbors, continents and key maritime shipping lanes, into a lucrative 'resource.' It has been able to do this by constructive diplomacy; gradually fostering close ties with a wide variety of states, diversifying away from initial dependence on France, and ensuring it maintains an independent negotiating strategy within its highly asymmetrical relationship with Ethiopia. (Styan, 2016, p. 83)

Foreign Military Interest. "For the first 15 years following its independence, the French army provided the Djibouti government's core finance and guaranteed external defences in exchange for military bases and extensive training facilities" (Styan, 2016). Djibouti's goal of bringing down its dependence in both military and economic fields on France has opened the doors to a diversification of military support, turning its geo-strategic location into a mechanism for leveraging political and economic ties with foreign militaries. Not only are the foreign military bases an essential income stream for the Djiboutian government, the growing political ties with these foreign militaries result in a perceived increase of global status (Styan, 2016).

Currently, Djibouti [city] is home to five foreign military bases: Camp Lemonnier, the United States' only permanent U.S. military base in Africa; Base Militare Nazionale di Supporto, Italy's base used for counter-piracy missions; Ambouli airport, Japan's first overseas base; Héron Naval Base, one of France's largest bases; and the recent addition of

China’s first overseas base in 2017. Djibouti city’s location compared to the country can be seen in Figure 1, and the location of Djibouti city’s military bases and ports in Figure 2.

Figure 1. Republic of Djibouti Map. Source: Google Maps (n.d.).

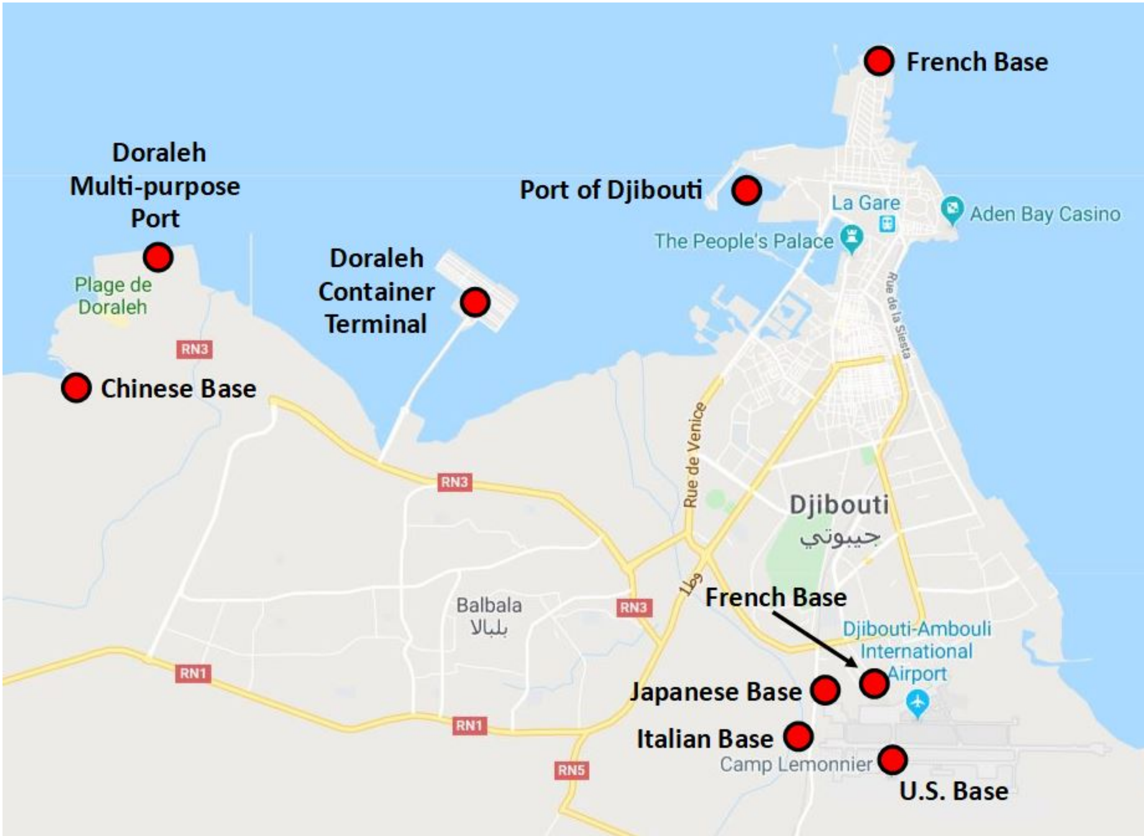

Figure 2. Djibouti City Military Presence and Ports. Source: Google Maps (n.d.).

Saudi Arabia received approval in 2018 to become the sixth to build its first foreign military base in the small city of Djibouti. Djibouti is also currently in discussions with India to develop a runway and naval station. Additionally, Djibouti recently blocked Russian attempts to establish a base within its borders stating that it did not want to become the terrain for a proxy war and potentially for its support of Eritrea.

Ethiopian Growth. Following the Ethio-Eritrean war of 1998–2000, Ethiopia diverted its trade away from Eritrean ports of Massawa and Assab and began to use Djibouti as its main terminal of external commercial exports (Styan, 2016). As a landlocked country, Ethiopia relies heavily on neighboring ports for the import and export of goods. Ethiopia utilizes Djibouti's port for nearly 95% of its import and export needs (Olewe, 2018, para. 5). The new Chinese-led rail system linking Addis Abada to Djibouti port opened in 2018 and has the capacity to transport 3,500-4,000 tons of cargo in a single trip

(U.S. Department of Commerce, 2018). This new system helps reduce freight costs and shorten cargo delivery delays from more than three days to just ten hours.

Ethiopia and Djibouti's linked economies means that as Ethiopia continues to grow, Djibouti's economy will follow suit. With limited local resources, Djibouti's GDP is linked to its port operations and other transportation and logistics services supported by the newly commissioned trade infrastructure (World Bank, 2019). Djibouti's GDP is expected to continue to grow as "international trade normalizes in Ethiopia following the successful political transition and devaluation by 15% of the Ethiopian birr" (World Bank, 2019).

2. President's Vision: Djibouti 2035

In the past, Djibouti formulated short-term national policies, sometimes on an annual basis, but realized that with the growing economic capacity of the area they needed to make a long-term plan for the future. Djibouti Vision 2035 lays out the Djiboutian President's objectives for Djibouti's future based on the pillars of encouraging economic integration, good governance, and human development. With assistance from the World Bank, Djibouti has outlined an ambitious set of goals it hopes to achieve over the next two decades (World Bank, 2014). While Djibouti still faces high levels of poverty, the country claims they are committed to promoting economic growth and job creation. The Djibouti Vision 2035 focuses greatly on expanding/developing their transport and logistics, telecommunication, tourism, fisheries, and light industries (World Bank, 2014). To achieve its goals, Djibouti turned to Mauritius and Cape Verde for advice on how to deal with roadblocks like high energy costs due to their similar backgrounds that have seen significant economic growth (World Bank, 2014).

a. Singapore of Africa.

The President of the Djibouti Chamber of Commerce, Youssouf Moussa Dawaleh, expressed the country's ultimate goal for its Vision 2035, "In the next 20 years we would like Djibouti to reach the level of Singapore or Dubai, we can get there if we work together" (World Bank, 2014). Djibouti is setting its sights on becoming the Singapore of Africa, using its strategic location to develop a trading hub that will take advantage of its location on one of the world's busiest shipping routes. This same strategy has led to Singapore becoming one of the wealthiest nations in Asia, leading Djibouti to desire to follow suit. As infrastructure projects continue to grow and Africa sees economic growth through continent wide agreements like the African Continental Free Trade Agreement, Djibouti hopes to become a focal point for some of the world's fastest growing economies.

b. Logistics Hub and Port Growth

In July 2018, Djibouti opened the first phase of the Djibouti International Free Trade Zone (DIFTZ), a $3.5 billion project that spans an area of 4,800 hectares. Once complete, DIFTZ will become Africa's largest free trade area with the hope of boosting Djibouti's position as a trade and logistics hub that will create jobs and provide a strategic base for global businesses (Dahir, 2018). The DIFTZ zone will become an integral part of the Belt and Road Initiative and has already attracted multiple Chinese private investors who are establishing hubs in the zone.

3. Relationship with Great Powers

The United States invests a significant amount of rent for the Camp Lemonnier and Chabelley Airfield lease agreement and security assistance programs. The U.S. interests in the region are primarily security related, utilizing Djibouti's geo-strategic location for its close proximity to growing security concerns. U.S. concerns also align with Djiboutian security interests. As foreign military presence continues to grow and the number of parties paying rent to the Government of Republic of Djibouti (GoRD) diversifies, Djibouti has more choices regarding the types of patrons it wishes to support. The political situation in this region is changing, leading to concern over Djibouti's potential shifting alliances (Sigman et al., 2019).

Through Djibouti Vision 2035, President Guelleh has stated that his main objectives for the country are to focus on Djibouti's economic growth. As the ruling voice of GoRD, the objectives of the president become the objectives for the entire government's policy agreements.

> Security cooperation programs are generally effective in developing relationships with the Djiboutian military, but they are of questionable value in terms of influence on the government decision making. By and large,

> U.S. programs as they currently stand do not support the GoRD's important interest in becoming a commercial and logistics hub for the region. This is an area where the United States is "losing out" to competitors (i.e. China, France). With meaningful domestic levers of power other than the president, and no signs of major political changes at hand, U.S. engagement with the president's economic aspirations for the country represent the most promising avenue through which to bolster U.S. influence in the medium term and move beyond the transactional nature of the relationship. (Sigman et al., 2019, p. 20)

Djibouti has strived to encourage foreign entities to invest in setting up new businesses within Djibouti. Even as recently as the last year they have implemented a number of reforms which have made starting a business easier than it ever has been in Djibouti. These are actions in line with the Djiboutian president's focus on economic advancement.

1. Starting a business: Djibouti made starting a business easier by creating a one-stop shop for business start-up

2. Registering property: Djibouti made property transfer easier and more transparent by reducing registration fees, implementing strict deadlines to register the sale agreement with the tax authority, scanning the majority of land titles for Djibouti-Ville and by requiring by law that all property sales transactions be registered at the land registry to become opposable to third parties

3. Getting credit: Djibouti strengthened access to credit by introducing the possibility of granting a nonpossessory security right in a single category of movable assets without requiring a specific description of the collateral. Future assets can now be used to secure a loan and security interests automatically extend to the products, proceeds and replacements of the original assets. All debts and obligations can be secured between parties and described in general. Secured creditors are now given absolute priority over other claims, such as labor and tax, outside of bankruptcy proceedings

4. Protecting minority investors: Djibouti strengthened minority investor protections by requiring greater disclosure of transactions with interested parties, strengthening remedies against interested directors, extending access to corporate information before trial, increasing shareholder rights and role in major corporate decisions, clarifying ownership and control structures and requiring greater corporate transparency

5. Enforcing contracts: Djibouti made enforcing contracts easier by establishing a dedicated division within the court of first instance to resolve commercial cases and by adopting a new Code of Civil Procedure that regulates voluntary conciliation and mediation proceedings, as well as time standards for key court events

6. Resolving insolvency: Djibouti made resolving insolvency easier by making insolvency proceedings more accessible for creditors and granting them greater participation in the proceedings (The World Bank, 2018)

China has been focusing its attention on Djibouti's economic goals, driving the United States to worry about the potential outcome of this growing relationship. Djibouti's strategic location at the mouth of the Red Sea is a critical staging point for U.S. forces, allowing the United States to reach Central and South Africa faster than forces stationed in Europe. Sigman's report goes on to say the following:

> This strategic location enables counterterrorism operations primarily focused on combatting terrorist groups in East Africa and the Arabian Peninsula as well as permitting rapid response to evacuate U.S. resources in the region in a timely manner. The Bab el-Mandeb Strait is critical to maintaining freedom of moment in the maritime passageway, which is only 18 miles wide with only two 2-mile channels for tanker traffic. Losing access to the straight would add approximately 2700 miles to the distance ships sail from Saudi Arabia to the United States. Additionally, an estimated 12.5 percent to 20 percent of the world's trade passes through the strait, making it a vital economic chokepoint for world trade. (Sigman et al., 2019, p.20)

With the recent establishment of China's first overseas military base, there are mounting concerns that U.S. security interests may be compromised by China's increasing presence in Djibouti. The People's Liberation Army-Navy base is located just a few short miles from Camp Lemonnier and is strategically positioned at the Doraleh Container Terminal, where China Merchants Port Holdings has recently acquired control. U.S. officials are concerned that China's control of the container port is an indication that Djibouti may turnover port operations to their economic partner and Camp Lemonnier will lose its effectiveness in the region (Sigman et al., 2019). Djibouti's Finance Minister Ilyas Dawaleh addressed U.S. concerns stating that, "Djibouti's government will embrace greater Chinese involvement in the nation's ports and sees no reason for U.S. concern that its strategic interests may be threatened. Djibouti’s development needs all of its friends and strategic partners. At the same time, no one can dictate to us who we should deal with” (SCMP, 2018, para. 1).

As competition like China increases, the United States looks to expand its capabilities in the region and prioritize actions appropriately. The Trump Administration’s Prosper Africa, a shift in the U.S. engagement strategy with Africa from one of aid to one of commercial investment, might change the United States’ relationship with countries seeking transactional relationships like those with China. If the United States is able to shift its investments to match Djibouti’s economic plans, it can secure its status as a preferred partner (Sigman et al., 2019).

III. ECONOMIC STATECRAFT

Africa, once considered to have poor infrastructure, political instability, and low economic potential, is now the new focus of China's global economic development plan. Increased aid distributions, debt forgiveness, the growth of cooperative trade agreements, and the newly developed infrastructure in support of BRI have been believed to be mutually advantageous for Chinese African relationship. As this economic partnership has continued to grow over the past decade, so has Western concern over China's growing power influence in the region. As Africa looks for an alternative to conditional Western aid, China has gained political and economic influence over developing countries. Like most nations with financial abundance, China uses its economic resources rather than its military strength to achieve political goals, whether cooperatively or coercively. This section will discuss the concept of economic statecraft as a potential method for soft power, the current China-Africa economic relationship, and China's underlying objectives in the region.

China's use of economic statecraft, or its ability to use economic means to pursue foreign policy goals, can be seen through state-led development and strategic economic relationships. While China partakes in traditional tools of economic statecraft (aid, trade, investment), China's use of loans in several African countries' infrastructure projects, are seen as a growing concern for Western countries (Reilly, 2013; Morgan, 2018, pp. 387–409). Viewed as a "conditional-free" Western alternative to aid funding, some of China's aid implementation programs are bilateral and have the backing of multiple development funding sources. China has also promised funding in various training and education programs to promote their cultural and ideological beliefs, promoting their soft power intentions.

China's large dollar "mutually beneficial" loans provide long-term lines of credit for funding of public works, hospitals, power plants, irrigation systems, railways, and infrastructure development. These repayments are typically secured through existing exports which are often natural resources or by the natural resources themselves (Brautigam & Xiaoyang, 2012, pp. 799–816). China has been known to forgive debt in the past, gaining positive public opinion by receiving nations.

Beginning in 1978, following a decade of Cultural Revolution led by Mao Zedong that left the communist country in ruins, China's economic policy reforms have managed to bring more than 700 million of its people out of poverty, bringing the poverty percentage from almost 90% of Chinese people living in extreme poverty to 3% in 2017 (national poverty line) or 0.7% (international poverty line) (World Bank, 2019). Income inequality shrank, incomes increased, people moved from rural areas to cities, and China's economic focus shifted from agriculture to industrial manufacturing and construction. Since the implementation of these reforms, the country has transitioned from a major recipient of aid to that of a global economic superpower and major provider of investment and development resources to countries across the globe. While China's terms when they offer aid are definitely different from the standards of official development assistance (ODA) which have been predetermined by the Organization for Economic Co-operation and Development (OECD), the two differing approaches aim to promote win-win cooperative agreements by bringing both improvements to developing countries' economies as well as serving the national interest of the donor countries (Cheng, 2019).

In just 40 years, China has become a global example of how drastic economic reform can affect a country's economic stance in such a short amount of time. African countries looking to adopt China's business practices and economic reform have sought loans, investments, and trade from Chinese private businesses and the government itself. China's involvement in the region has already assisted in the establishment of free trade zones, growth in the industrial and manufacturing sector, technological advancement in the agricultural sector, and countless infrastructure development projects as a part of the BRI. While China is not the only major investor in the region, public opinion polls show that the African population values China's involvement and believes that the cooperation between the two nations is built on mutual respect that benefits both partners.

A. UNITED STATES USE OF ECONOMIC STATECRAFT

During a keynote speech regarding the release of a new report by the Center for a New American Security: Economic Dominance, Financial Technology, and the Future of

U.S. Economic Coercion, former Secretary of the Treasury Jacob J. Lew discussed the United States' use of economic statecraft as a foreign policy tool.

> Economic statecraft is a crucial pillar of U.S. foreign policy, and one that has grown ever more important in a globalized economy with the U.S. at the financial center. Economic sanctions, for example, give policy makers a unique capability to exert pressure beyond diplomacy but short of military force to achieve foreign policy goals. And augmenting diplomacy this way helps accomplish vital national security objectives, while preserving force as an option of last resort. (Lew, 2019)

Economic statecraft can take many different forms, comprising of both positive and negative sanctions. Sanctions that result in actual or threatened punishments would be considered a negative sanction. Some examples of negative sanctions include: "refusing to export (embargoes), refusing to import (boycotts), covert refusal to trade (blacklists)," etc. (Baldwin, n.d.). Positive sanctions are those that result in actual or promised reward. Some examples of positive sanctions include: "preferential tariffs, subsidies, foreign aid, investment guarantees, and preferential taxation of foreign investment" (Baldwin, n.d.). These tools of economic statecraft have been used to pursue various foreign policy objectives to include: "preparing for war, preventing war, fighting a war, promoting democracy, punishing human rights violators promoting communism, preventing communism, promoting economic development, discouraging economic development, preventing regime change, encouraging regime change, and many other goals" (Baldwin, n.d.).

1. United States Historical Use

During the Obama Administration, the U.S. used sanctions to affect international response and policy change. The United States, working with allies in Europe, used sanctions as an international response to Russian aggression in Ukraine. Using economic sanctions, the United States was able to negotiate an agreement to put Iran's nuclear program under tight restrictions and strict monitoring. "We [the United States] used sanctions to combat terrorism, nuclear proliferation and human rights abuses and respond to foreign interference in U.S. elections and cyber-attacks" (Lew, 2019). Although economic pressure is an effective tool to advance foreign policy goals, it is not the solution when solving every foreign policy challenge. For example, the United States turned-off sanctions in Myanmar, Cuba, and Iran as a part of negotiated arrangements (Lew, 2019).

The goal as a decision-maker is to choose a path with the lowest cost that still accomplishes intended goals, whether that be the use of economic statecraft (soft power) or military actions (hard power). Policymakers may consider implementing sanctions as a response or solution to foreign crises in areas were military action may not be feasible or while a more punitive action is being evaluated (Council on Foreign Relations, 2019). In 2003, the United States led an invasion of Iraq, but this decision was not the first step toward accomplishing goals in the region. Pre-existing UN Security Council economic sanctions imposed on Iraq were not providing the United States with the desired regime change amid concerns of the Iraq's possession of weapons of mass destruction. Advocates of war argued that the cost of continuing to maintain the sanctions could continue for many more years and outweigh the cost of going to war that could potentially provide a timely solution. Unfortunately, the cost and time of the Iraq war was significantly underestimated (Baldwin, n.d.).

The United States' use of economic statecraft has changed with every administration and will continue to change as the United States' position in the global market shifts. The United States has long benefitted from the use of economic statecraft, growing the strength of the dollar and the attractiveness of our export market. "Foreign companies and banks comply with U.S. sanctions because they seek continued access to our market, currency, and financial architecture" (Lew, 2019). This U.S. global market dominance arose from the post-World War II economy, which deepened at the end of the Cold War. After three quarters of a century, the U.S. global economic position remained unchallenged. However, growth in other foreign economies, like China, will "naturally start to erode this preeminence" (Lew, 2019), and the global economic power will shift as foreign countries seek other economic options.

2. United States Economic Statecraft in Djibouti

In 2018, the United Nations unanimously voted to lift a "nearly decade-old arms embargo and targeted sanctions on Eritrea after a rapprochement with Ethiopia and thawing of relations with Djibouti" (Nichols, 2018, para. 1). These sanctions, which included a travel ban and asset freeze on certain people and entities (Nichols, 2018, para. 3), were put in place due to concerns that Eritrea was supporting armed groups in Somalia. Djibouti and Eritrea have been urged to normalize ties and settle their border dispute to promote peace, development, and boost regional economic cooperation (Nichols, 2018, para. 2).

Current U.S. use of economic statecraft in Djibouti primarily involves foreign aid distributions. In 2016, USAID launched the $24,985,000 Workforce Development Project with the goal of bringing down Djiboutian unemployment rates (USAID, 2019). This is one project on the United States' road toward focusing, "on improving the quality of vocational workforce readiness programs, facilitating sustainable ties between vocational education centers and employment providers, and strengthening job placement and retention services." (US Department of State, n.d.). The project aimed to do this through improving Djibouti's readiness in their workforce and increasing their competitiveness. The Djiboutian president asked for this project while the United States was negotiating the rent for Camp Lemonnier (USAID, 2019), so this served as one of the few actions the United States has taken that align with the Djiboutian president's economic goals. This is an example of the United States using financial tools to negotiate favorable policy agreements, in this case the agreement of prolonged presence of military operations within Djiboutian borders.

B. DEFINING CHINA'S APPROACH

China's history in the region has been largely economic. In the void of Western leadership when it comes to financial investments in the region, China has stepped in to provide the assistance East Africa desired. They have pursued their "Going Out" policy, involved themselves in trade agreements, provided foreign aid, and have developed personal relationships among leadership. These tactics have informed their strategy of using economic statecraft to their advantage. The following section will describe these strategies China has used to pursue their objectives as well as how China's state-led initiatives suffer from the principal-agent theory and how their actions are perceived by Africa.

1. Going Out Policy

During the reign of Chinese ruler Chairman Mao Zedong, China turned to a closed-door policy regarding trade, making it less hospitable to foreign businesses wishing to operate in their nation as well as restricting the importation of foreign goods. While Deng Xiaoping began working toward this in 1979, it was in the 1990s that China began openly promoting an open-door policy and began to encourage companies to branch out and begin both operating and investing abroad (Shen & Mantzopoulos, 2013; Salidjanova, 2011). This push for foreign involvement is now referred to as China's "Going Out Policy." Two methods of this policy implementation are Foreign Direct Investment (FDI) and Outward Direct Investment (ODI). In the interest of this paper, FDI refers to firms expanding by investing in foreign firms. This investment provides returns those domestic companies can use for their own benefit. ODI will refer to a focus on domestic firms investing to expand their own holdings abroad. This allows them to reach new areas and grow their business in less saturated markets. Outward Foreign Direct Investment (OFDI) encompasses both of these ideas, simply looking at foreign investments as a whole instead of noting the distinction between types.

China's OFDI has steadily increased in the last few years (Salidjanova, 2011). This may be observed in Figure 3. The industries that have seen Chinese OFDI have been selected by the Chinese government itself based on what they find strategically important. This helps ensure that any use of FDIs corresponds to China's foreign policy objectives. Their objective is to promote, "the international operations of capable Chinese firms with a view to improving resource allocations and enhancing their international competitiveness." According to a report by the U.S.-China Economic & Security Review Commission by Nargiza Salidjanova (2011):

> …the National Development and Reform Commission and the Export-Import Bank of China jointly issued a circular to encourage overseas investment in specific areas:
>
> 1. resource exploration projects to mitigate the domestic shortage of natural resources
> 2. projects that promote the export of domestic technologies, products, equipment and labor

3. overseas R&D [research and development] centers to utilize internationally advanced technologies, managerial skills and professionals
4. [mergers and acquisitions] that could enhance the international competitiveness of Chinese enterprises and accelerate their entry into foreign markets

The State Council started to grant export tax rebates, financial assistance and foreign exchange assistance, and other incentives to Chinese enterprises wishing to tap overseas markets. (Salidjanova, 2011)

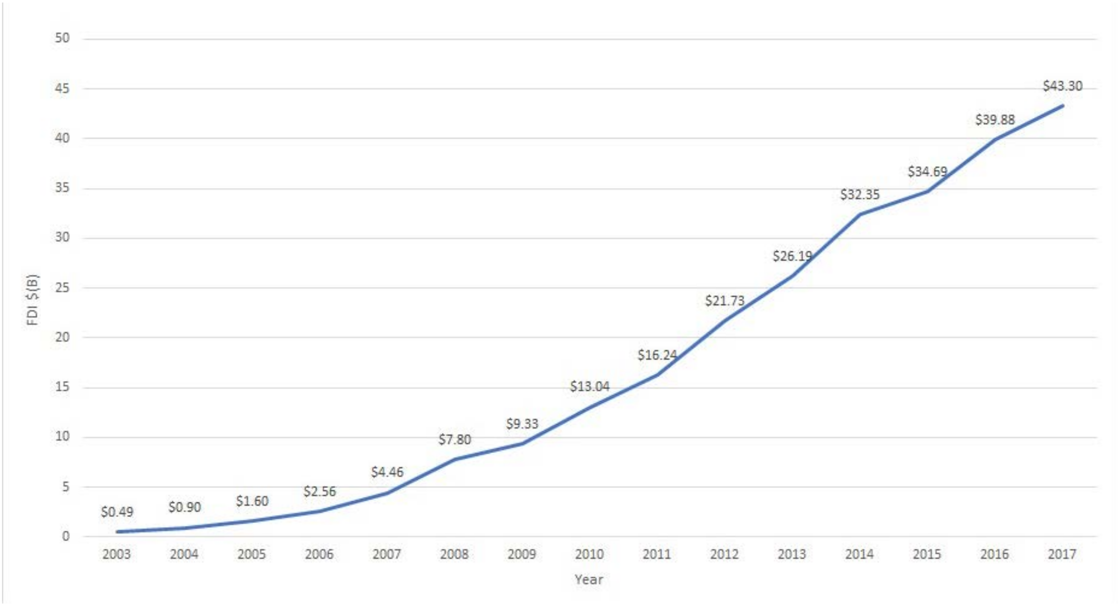

Figure 3. Chinese Foreign Direct Investment to Africa 2003–2017.
Source: Johns Hopkins University SAIA China-Africa Research Initiative (2019).

It is important to note that there is trouble with tracking FDI due to the definition of FDI shifting every year and between countries, as well as tax havens shielding the destinations of various funds that are provided. Furthermore, those FDIs that are tracked by the Chinese Ministry of Commerce only include investments approved by the Chinese government (Salidjanova, 2011). This means that any FDI that does not receive that approval fails to appear in the published information, making it likely the numbers are larger than they appear. Many of China’s FDIs do not yield sufficient returns to allow that to be the primary means of pursuing their Going Out Policy (Salidjanova, 2011). This means China has needed to find an additional method for their policy that would yield greater interest rates, causing them to pursue the ODIs in conjunction with FDIs.

2. Trade Agreements

Since the early 2000s, China has surpassed the other super powers and has emerged as Africa's largest trading partner. Through their aggressive economic expansion, they have reached an even greater global market. To facilitate this, they have even helped set up entire agreements, further ingratiating other nations to them even if sometimes only intangibly.

a. Overseas Trade and Economic Zones.

Following the economic reforms, China began to experiment in the global market with ways to attract and encourage overseas investments. In 1995, China developed roughly a dozen centers in Africa that would be used for trade, investment, and development. During the 2006 FOCAC, President Hu Jintao promised that three to five trade zones, of the 10 global plan, were to be developed in Africa as a part of China's attempt to attract the investment of 500 Chinese businesses and $2B in overseas markets (Brautigam & Xiaoyang, 2012). In an official report on China-Africa cooperation, the Chinese government's intention was that "trade and economic cooperation zones built by the Chinese companies will reach a considerable scale, and attract a cluster of Chinese companies to form an industrial chain that can trigger the development of local manufacturing industries" (Brautigam & Xiaoyang, 2012, p. 810).

Today these zones are designed to attract foreign investment, primarily that of Chinese manufacturing firms, and can involve activities such as energy, manufacturing, import and export logistics, among others. They are not funded out of China's foreign aid budget but are subsidized by the Chinese state (Brautigam & Xiaoyang, 2012). Many of the economic zones are owned and operated by Chinese firms, many of which are state-owned, concerning outside parties that the Chinese government is too involved in overseas trade operations.

b. African Continental Free Trade Agreement.

The African Continental Free Trade Agreement (AfCFTA) is the single largest Free Trade Agreement since the establishment if the World Trade Organization, encompassing 54 out the 55 African countries. China has become a major player in the AfCFTA when it comes to brokering deals. They have been using diplomacy, political pressure, and trade to facilitate an agreement (Devonshire-Ellis, 2019). The AfCFTA will cover land over $3 trillion in GDP and remove tariffs on 90% of traded goods, allowing free access to commodities, goods, and services across the continent (Devonshire-Ellis, 2019). With China as the largest trading partner in Africa, they will see significant positive economic outcomes across the continent as their manufacturing goods will have access to over 1.3 billion African consumers. AfCTFA will boost Africa's manufacturing capacity with the help of Chinese-built and funded infrastructure developments (Devonshire-Ellis, 2019).

3. Foreign Aid

As stated by many scholars, anyone interested in researching or analyzing Chinese aid "faces a daunting task" (Brautigam, 2009, p. 19). The Chinese government does not publish any official reports, figures, or evaluations of their aid or any analysis of its impact but are open when discussing their overall economic cooperation. Data collection initiatives like AidData have been created to "pull the curtain back" on Chinese aid to get a better understanding of China's development activities beyond their broad ambitions. Apart from certain year anomalies, like the 2008 dip in aid as a result of the global recession, China's foreign aid to Africa has increased linearly over the last ~20 years (Dreher et al., 2017).

In late 2013, China committed to funding significantly sized infrastructure projects by announcing the BRI. This global initiative led to foreign aid programs reforms with the goal of: "improving the efficiency and effectiveness of China's foreign aid policy" (Cheng, 2019); differentiating foreign aid from commercial financing packages to combat foreign criticism over the China's mixing commercial deals with development assistance; and integrating foreign aid and BRI development investments through development projects in agriculture, public health, and education (Cheng, 2019). China's primary aid focus lies in the Transportation and Storage sector which would align with the growth in loan disbursements for port, railroad, and road development projects along Africa's coastlines as a part of BRI, as seen in Figure 4.

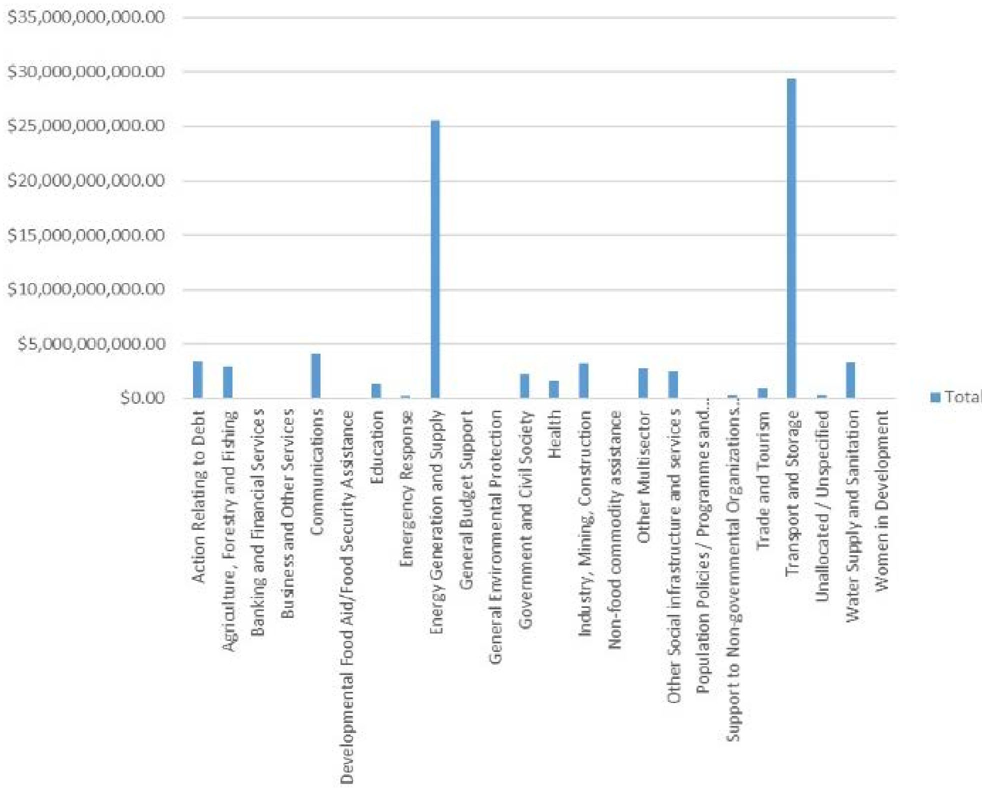

Figure 4. Sum total aid to African Countries by Sector.
Source: Bluhm et al. (2018).

a. Common Misconceptions.

China's approach to aid disbursement is believed to differ greatly from that of Western aid policies in a variety of ways. But when examined more closely, Chinese and Western foreign economic policies tend to mirror each other, finding gaps where one lacks until the other adapts and expands. First, China's aid traditionally follows a foreign policy framework that calls for "non-interference in internal affairs," which is believed to conflict with Western aid that is traditionally tied to diplomacy requirements and regulations. While this is partially true, China's aid policies have seen reforms over the years to enforce new regulations and anticorruption measures along with the establishment of the China International Development Cooperation Agency (CIDCA). Second, Chinese use of aid is seen as a negative tool managed by states leaders to boost China's exports and its own development while debt-trapping recipient countries. In reality, China is not doing anything that is different from what other countries would do when establishing foreign policies (Brautigam, 2009; Shambaugh, 2015). For example, USAID justifies its Congressional budget request by showing the high percentage of aid that comes back as benefits for the U.S. (Brautigam, 2009). The establishment of foreign policies are based on the pursuance of win-win outcomes that are in both parties' best interest. China's aid is used to "not only support the development of recipients, but to foster trade, help build competitive Chinese multinational corporations, and encourage the upgrading of China's own domestic firms" (Brautigam, 2009, p. 25).

b. Local Cooperation

While global opinion on Chinese aid is primarily negative, Africa sees China's aid contribution to areas such as energy as a mutually beneficial cooperation. As seen in Figure 4, Energy Generation and Supply is the second highest sector recipient of Chinese aid. This cooperation between the two regions can significantly advance access to electricity in Africa by "improving energy efficiency, deploying cookstove programs to reduce health hazards and deaths from smoke inhalation, diversifying energy portfolio, and creating power pools that countries experiencing hiccups in their systems could tap into to meet their electricity needs" (Powanga & Giner-Reichl, 2019). This agreement can help African countries gain access to cleaner and more efficient technologies while providing China access to natural resources and new industries in the region.

c. Methods of Aid

China's aid comes primarily in the form of low-interest Loans (Figure 5) that are primarily intended for Development projects (Figure 6). China, historically a recipient of aid itself, mirrors its China-Africa aid policies to courses of action it took with Japan during its economic climb to the global stage.

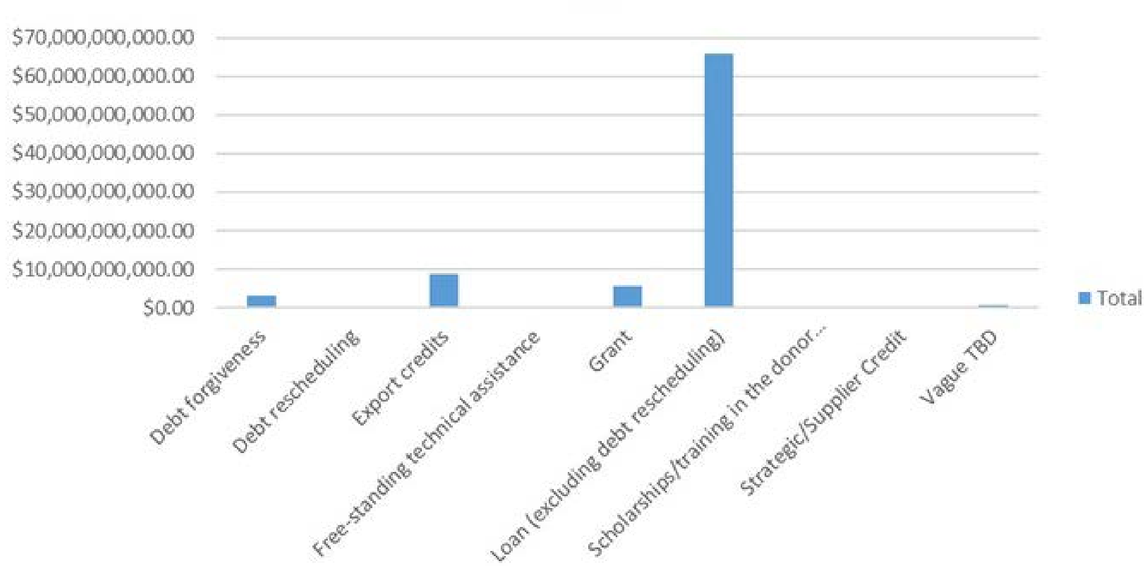

Figure 5. Sum Total Aid to African Countries by Flow Type. Source: Bluhm et al. (2018).

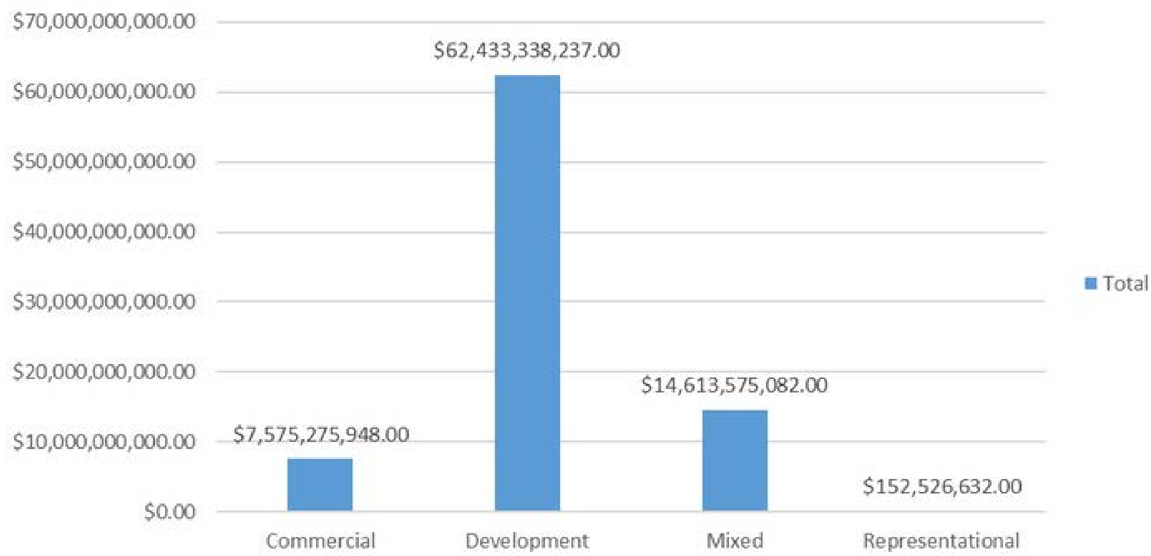

Figure 6. Sum Total Aid to African Countries by Intent Type. Source: Bluhm et al. (2018).

4. Direct Presidential Involvement

Economic statecraft methods have been used as a foreign policy tool for China throughout history. During the Cold War, China offered aid to draw countries away from the Soviet Union and more recently, China has been noted as using economic inducement as a way to detract Taiwan's allies and as economic retaliation over territorial disputes (Wong, 2019). Following China's economic success, relatively compared to Western nations, after the 2008–2009 financial crisis, China's use of economic diplomacy has become a more prominent feature in their foreign policy agenda. Adapting to their relatively new status as the world's second largest economy, China has shifted to a more hands-on approach by engaging more with international leaders through cooperative agreements and summits, expanding trade alliances, increasing foreign investments and aid, and reforming economic governance (Wong, 2019; Heath, 2016).

President Xi Jinping has emphasized these initiatives by encouraging Chinese firms to seek outward investment into global markets. This outward investment has now been repackaged in to the all-encompassing BRI which is seen as Xi's primary foreign policy initiative. BRI has taken China's "March West" strategy, created by Peking University's Wang Jisi, "which advocated for China to focus its foreign policy engagement on Central Asia and the Middle East and minimize zero-sum tensions with the United States in East Asia" (Wong, 2019; Sun, 2013), and has expanded it to a global initiative. As previously mentioned, China's global economic development plans, like BRI, have sparked global political concerns over potential Chinese underlying agendas.

With an increase in international development, Chinese leadership hopes to address internal country issues such as population overcapacity and unemployment rate by exporting capital and labor to overseas development projects, aligning Chinese economic and political goals. China's desire to play a major role in international development can be seen through the creation of investment institutions, like the Asian Infrastructure Investment Bank, and development organizations like CIDCA, and reflects China's desire to expand its "geostrategic influence through expansive and progressive foreign policy" (Wong, 2019). While these may sound like daunting objectives to Western states, China's approach is meant to promote long-term mutually beneficial economic relationships with host nations.

5. China's Counterproductive Policies

In contrast to the widely considered belief that China will soon surpass the United States as the global superpower, scholars like Shambaugh argue that China is more of a global partial power with great presence but not necessarily great influence, broad but not deep (Shambaugh, 2013). While China excels at trade relations and controls a vast economic portfolio, its "soft power" in relation to its social values continues to lack due to its tarnished image. Even with its desire to gain control over the media, China's global image will not change unless China loosens control of its own people It will continue to reflect negative connotations and public opinion will decline even with billions of dollars invested in development (Shambaugh, 2015, pp. 99–107). The Chinese government's desire for authority and oversight over Chinese corporations located overseas has resulted in heavy regulations that are unable to be locally enforced. This leads to concerns regarding "product safety, fraudulent goods, unfair trading and investment practices, and lax environmental standards" (Gill & Reilly, 2007, pp. 37–52).

This disconnect can be explained through the Principal-Agent Theory where asymmetric information and differing interests could potentially lead to China's loss of soft power potential**.** While most analysts tend to over exaggerate China's prospects of corporate engagement in Africa (Gill & Reilly, 2007, pp. 37–52), some scholars believe that as these relationships and engagement grow, China will face a principal-agent dilemma, a tension between Chinese bureaucracies (principal) focused on the national interest and the private corporations operating in Africa (agents) (Gill & Reilly, 2007, pp. 37–52; Morgan, 2018, pp. 387–409). These contradictory goals stem from the Chinese government's desire to repair its global identity and promote a more agreeable image of its interactions in Africa.

In summary, the relationship is almost ironic. A state is seen as using economic statecraft if the state deliberately generates strategic effects by manipulating the activities of commercial actors. But this manipulation is only effective if the state (principal) is able to direct and control the commercial actors (agents) (Norris, 2010). China must loosen its grip to repair its public image but must control its agents if it wants to see its soft power over Africa succeed. As China imbeds itself in Africa more and more, "the tension between stated national objectives and corporate interests on the ground will likely increase" (Gill & Reilly, 2007, pp. 37–52; Morgan, 2018, pp. 387–409; Shambaugh, 2015, pp. 99–107; Gill & Huang, 2006, pp. 17–36).

C. EFFECTS OF CHINA'S APPROACH

While not all of China's efforts have resulted in gains for China, their efforts have provided both tangible and intangible benefits. Their policies could also conceivably be used to provide benefits to the United States were the U.S. to adopt some. The following section will cover what some effects of China's approach have been, as well as potential effects for the U.S.

1. Grow Population Support

A well-versed source on Africa's view on China surveyed 36 different African nations, of which Djibouti is not one. It is often difficult to obtain direct information on Djibouti, and therefore a limitation on data is that some of it covers Africa and inferences must be made about how that applies to Djibouti. However, these types of studies and their analyses still provide valuable insight into how different actions affect the peoples' perception of a nation. Afrobarometer was able to not only assess whether the view of China is positive or negative, but determine what actions China has taken to work toward that perception.

The perception of the United States has been shown to be more positive than that of China is many categories including as a developmental model, yet as of the most recent round of surveys, China has surpassed the United States in perceived influence on the continent. A caveat to this is that in those surveys, the East African nations (of which Djibouti is a part) still rated the U.S. higher than China (Lekorwe et al., 2016, p. 10). However, of that influence 68% of East Africans responded China's economic activities were positive to some extent, while only 6% claimed their actions were negative (Lekorwe et al., 2016, p. 16). This stark difference is something echoed throughout the rest of the regions as well.

This naturally leads to the question of what actions China is undertaking in order to be seen in such a positive light by the local population. The answer was China's investment in "infrastructure or other development" according to the surveys (Lekorwe et al., 2016, p. 19). As discussed earlier, China has been focusing largely on economic ties to build themselves up on the continent. It is critical to understand that their economic investment is a large part of their positive image. Of equal importance is to understand that this data came from surveys conducted in 2014 and 2015 (Lekorwe et al., 2016, p. 1). This is important because China's BRI only began shortly before these surveys, their effects had not been yet fully realized, and many nations involved were not even major players in that initiative. This would mean that even with lower levels of an economic focus, China managed to match and even sometimes surpass the United States when it came to public support. So, if these countries' populations feel like China's investment in infrastructure is a positive, and a much larger influx of investment came even more recently via things like the Belt Road Initiative, then it is not a stretch to imagine China has an even greater hold at the time of this paper.

2. Taps into Growing African Market

Djibouti's economy has been steadily growing for the last few years, and this growth is easily inferred to be due largely to their logistics services (World Bank, 2019). The World Bank has pointed out that external demand (that of non-African nations) has begun to drive growth faster than domestic demand (World Bank, 2019). While many criticized China for putting nations like Djibouti in so much debt, Djibouti's account deficit and fiscal deficit have all decreased substantially in the last four years as a percent of GDP (World Bank, 2019), putting the small nation in a much better position than it has been before. While this growth is heavily reliant on external factors out of Djibouti's control, such as Ethiopian stability, thus far at least it has worked out positively for Djibouti.

While many organizations and nations recognize the capacity for growth in Africa, most Western entities have not shown a willingness to fund it. In the void of any other alternatives, Djibouti is one of many that have allowed China to play a deeper role in its growth (the idea of China's economic statecraft). While other entities are more risk averse, China has taken on that risk. This means that while China is dominant in that field at the moment, they only have a monopoly on this tactic due to hesitation from the west (York, 2019, para. 6). Being the sole player in the game means the benefits are logically going to be larger since the other side has no alternatives. If the United States were to get into this strategy, they would be an option for Djibouti rather than a sole benefactor as China seems to be without U.S. involvement. In fact, Djiboutian officials have made it clear they would still welcome deeper economic relations with other nations than China were it to be offered. While China has recently been able to grow close to Djibouti, the United States still does have the opportunity to ingratiate itself via an economic strategy in order to protect its own interests.

As touched on earlier, much of this market's growth is reliant on outside factors. The instability of African nations in general means there is a risk in relying on their markets to grow. For instance, Ethiopia has been in a transition period for their Government and their GDP growth has slowed- something troublesome for Djibouti since a large portion of exports are from Ethiopia (World Bank, 2019). Price hikes on imports, weather, and a failure to implement policy reforms are also cited by The World Bank as risks involved in Djibouti's economic growth (World Bank, 2019). As many organizations have determined over the years, it is risky to tie oneself too closely with a nation like Djibouti. Yet China has been doing that and has managed to foster some degree of prosperity via their tactics despite this.

3. Supply Network and Acquisition Capabilities

The Chinese People's Liberation Army Support Base in Djibouti may benefit from a stronger local economy, but China's economic policies in Djibouti would certainly enable Camp Lemonnier to see significant improvement in its supply chain capabilities. In a 2011 letter by the Under Secretary of Defense (Comptroller) Robert F. Hale to Congress, the DoD requested $47,838,000 be reprogrammed for Camp Lemonnier construction projects. In this letter, Robert Hale admits, "few materials other than concrete and aggregate are suitable for local procurement. Concrete has proven to cost more than double the estimated cost and the local aggregate has been found to have an alkaline silicate reaction to water, requiring pretreatment prior to use. All other building materials, even steel reinforcing bars do not meet U.S. standards and must be imported. Nearly all skilled labor is being imported from other countries, primarily Turkey. The local labor market lacks the training and skill to perform all but the most basic and rudimentary construction tasks (Hale, 2011). Essentially, Camp Lemonnier was forced to import the vast majority of supplies (something anecdotally confirmed by former contracting personnel at Camp Lemonnier as well). While there have been extensive changes to Djibouti in the last eight years, reports do not seem to substantiate the thought that conditions have greatly improved in that time.

A report distributed by the Air Force Institute of Technology (AFIT) in 2018 recognizes the U.S. use of the Djibouti First Initiative, which was a program that aimed to increase awards given to Djiboutian vendors (Herald, 2018). This program was replaced in 2017 by the Africa First program (Herald, 2018) which allowed them to give equal weighting to African nations as opposed to just Djibouti since Djibouti's ability to meet DoD needs was limited. The report notes that the Africa First program, using one-off purchases and dealing with corruption, is not particularly effective in improving the local situation (Herald, 2018). The paper continues by lamenting the local environment itself which makes it difficult to have logistical competency, and bemoaning the educational opportunities for locals to learn about the program, further harming the use of that program.

All these issues point toward the idea that Djibouti's local capabilities are severely lacking. They do not have an adequate infrastructure which makes it hard to get supplies, and companies cannot meet U.S. standards so Camp Lemonnier has to import goods and services (Hale, 2011). Were the United States to focus more on improving these sorts of capabilities, Camp Lemonnier would likely find itself in a much more agreeable position when it comes to contracting and logistics. When businesses grow locally it naturally reduces the need for out of country imports. When that capability grows the people are better off and the purchasers find decreased prices. The quality of materials and their price were both issues Robert Hale identified for Camp Lemonnier that have seemingly been largely unresolved since, so there is clear room for improvements that would benefit the DoD mission as well as general foreign policy.

4. Political Leaning

There has been significant study done on why China has gotten so involved with Africa, outside of China's own claims of economic prosperity and cooperation. A large factor is the consolidation of political power (Aoyama, 2016). "Countries with sufficient financial power would see other countries aligning themselves with it in order to ride on its success, through trade, investment, and other economic interactions" (Wu & Wei, 2014). Flores-Macías and Kreps (2013) looked at the economic presence of China in Latin America and Africa to find how United Nations voting patterns changed on human rights issues; their study concluded that, given certain limitations, increased economic investment leads toward more Chinese-favorable voting patterns. This indicates that economic development and increased trade have in fact influenced policy in the past.

There is precedence for African nations exchanging political favors for aid. In 1971, China joined the United Nations (replacing Taiwan, which was expelled at the same time) and gained a permanent seat on the National Security Council (United Nations, 1971). China credits this achievement to the support of African nations- nations that China had been providing aid and manpower to (Cheung, 2015). It is also fairly accepted that China meant to win African favor in order to further isolate Taiwan, and vie for the legitimacy of its government at the time (Thu & Yang, 2018). With the 1971 General Assembly Resolution 2758 asserting China's status and few East African nations voting against it (USC US-China Institute, 1971), China's claims of Africa helping it secure China's place on the international stage are well grounded, cementing that China's long-term economic commitments resulted in a political gain. This is not just limited to China, either. The United States has also seemingly benefitted on the world stage in much the same way using foreign aid as a tool (Carter & Stone, 2015; Lundborg, 1998; Wittkopf, 1973). Using these studies and historical precedence, it appears reasonable to conclude that by focusing on a commercial approach, there are political benefits outside of (and in addition to) monetary or military gain.

5. Effects on Africa by Africa

Many sources discussing foreign nations in Africa are either Western, in which case they often villainize China's actions in Africa, or Chinese in which case those same actions are lauded as successful. These views vary greatly based on the region. China tends to inflate the effects of their presence in all their media, while the United States challenges these assumptions and paints them in an often far more negative light. Due to this, it is hard to form a holistic view of what the effects of foreign involvement really are. Africa's view seems to be more holistic in its analysis. It is crucial to understand how Africa views these actions because African publications acknowledge factors that are omitted from many Western and Chinese writings.

There is no single all-encompassing African perspective on the presence of foreign powers. For instance, the Journals of African Business published that China is targeting nations with an abundance of natural resources which lines up heavily with many articles in Western publications (Asongu & Ssozi, 2015) that condemn China. On the flip side of that, the Review of African Political Economy journal published research recently that looked at how Sierra Leone was using their relationship with China to get free of Western attempts to reform Sierra Leone's government through conditional lending agreements (Klyton, Rutabayiro-Ngoga, & Liyanage, 2019). Further showcasing how there is no true consensus on the continent on how foreign entities are perceived, Afrobarometer took surveys of many different African nations and determined that 41 percent of East African respondents viewed the United States as having the best model for national development, while in Central Africa only 27 percent thought the same. Instead, they largely preferred China who held 35 percent in Central Africa as opposed to only 24 percent in East Africa (Lekorwe, Chingwete, Okuru, & Samson, 2016). This is evidence that while China praises their own acts and the West condemns them, the opinions vary greatly throughout Africa, itself. Though while Africa does not necessarily have a unified view of the involvement of foreign powers, it does often focus on different aspects of that involvement.

Both Western and Chinese publications focus mostly on the external effects of foreign interactions, but African sourced research look toward how these interactions affect the internal machinations of African nations as well. For instance, one belief is that China's actions in Africa do not just affect how the local government reacts to events, but shifts the balance within that government entirely. As China invests more heavily, their people become more integrated into the society of that nation. Those people can then work with more privileged segments of the local population to affect the amount of soft power a Chinese businessman wields, even further increasing their influence (Dobler, 2017). In Namibia, relationships with local elites allow more business opportunities to arise for Chinese businesses. This is, in essence, an example of economic statecraft influencing government decisions of a recipient nation.

> Regulation can only work if regulator and regulated remain separate entities. By widening the gulf between those who profit from the cooperation and all others, cooperation between the two elites increases social stratification in Namibia—both within the host and within the migrant parts of the society. International power imbalances transform into national ones through co-optation. As a consequence, those who profit from the alliance are also in charge of regulating its effects. (Dobler, 2017)

Another way internal policy or culture is viewed in light of foreign involvement comes from Djibouti. With the active participation of multiple foreign nations competing against one another, Djibouti is seen to be able to play those countries off one another (Bereketeab, 2016). However, the advantages coming from that do not necessarily benefit the majority of people due to the structure of Djibouti's government. This builds resentment in groups that that may be less inclined toward favorable actions to foreign powers given that those groups have seen no benefits (Bereketeab, 2016). To combat this, Djibouti can frame the situation to appeal to any one of its foreign occupants. An example of this is citing the possibility of terrorism to appeal to the United States, thereby suppressing dissenting voices while working to keep U.S. favor (Bereketeab, 2016). Framing issues in such ways further shows how some African research believes the internal workings of a nation are influenced by foreign powers.

Discussion on how the elites of African society react to foreign involvement clearly permeates African literature. As touched on earlier in this section, with the help of foreign powers and large investors, the elite are more easily able to maintain their power. The Review of African Political Economy argued this is done through business opportunities allowing a much greater consolidation of wealth than ever before (Ovadia, 2013). For instance, in Angola Chinese businesses may have been opting to take a loss in order to preserve that social hierarchy (Ovadia, 2013). Consistently, the greatest benefits of any relation trend toward the few that already have resources as opposed to getting those benefits to the working class (Sylla, 2015). All this serves to show that while African sources address external factors in these foreign interactions, they also seem to be more in depth regarding the internal workings of African society. This is a view largely excluded from other publications except when those internal workings have a direct impact on the operations of a foreign nation.

6. Security vs. Commercial Approach

The United States has provided a security focused approach, whereas China has primarily centered their efforts on the commercial side. These are not specific strategies, but more so categories a strategy can belong to. A security approach means the United States values military cooperation in the name of ensuring, "safe operations, improve regional security, and [to] maintain Djiboutian sovereignty" (Department of Defense [DoD], 2019). Djiboutian officials have expressed thanks at the U.S. efforts at cooperation (DoD, 2019), and in many situations this may be considered a very productive use of resources. However, it is crucial to keep in mind the Djiboutian president's vision: he cares about economic growth above all else (World Bank, 2014). Cooperation is allowed at his leisure, and Djibouti essentially acts on his will. His vision is for the United States to provide rent for their presence in Djibouti city, but otherwise Djibouti turns to China due to the West's lack of desire to provide the kind of unfettered economic assistance Djibouti has yearned for (York, 2019, para. 6).

Contrary to this (though not by necessity excluding) is the commercial approach where China has worked tirelessly to establish and maintain strong economic ties in Africa via various means already discussed, only opting to humor the security approach relatively recently via their recently constructed base. Given that China has operated via this approach essentially without competition, and this approach is the main desire of the Djiboutian government, they have clearly managed to fill an economic gap to their own benefit. While China has pursued a number of approaches toward gaining political and economic advantages in the region, they all center on the void left by the U.S. hesitance to be involved. That void, meaning an area where there are no other major players involved, has led to an even greater reliance on China. It logically follows that this void has enhanced the effectiveness of their other approaches: no other country being willing to fund Djibouti means they have no choice but to rely on China, and every beneficial action China takes with any feasible gain (even intangible) only deepens their relationship with Djibouti. With China filling that immediate need to at least some extent, the United States getting involved in this approach may not necessarily reach the same effect. However, greater U.S. involvement would serve to lessen that reliance on China. That decreased reliance on China by African nations like Djibouti may well in turn affect the impact of other actions taken by the United States. This is not to argue that Djibouti would reject other nations providing the sort of aid they want just because Djibouti is so far in with China. This line of thought just serves to emphasize that the approach China has taken is unique in that region and takes place, to some degree, in a vacuum where they have the potential to reap the largest benefits.

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IV. INCORPORATING ECONOMIC STATECRAFT INTO U.S. STRATEGY

The previous chapter discussed strategies China has implemented in regard to Djibouti. Chapter III further covered some effects that these strategies have had, often in terms of benefits that are either being enjoyed by China or could be enjoyed by the United States. Having established the importance of economic statecraft as a strategy, the following chapter will delve into a few of the methods the United States has the ability to rely on in order to follow this strategy. These methods include actions like growing local businesses, investing in the abilities of the local population, and increasing procurement dollars by acquisition personnel. This should encourage readers to consider additional courses of action the United States could undertake as a whole, even if the scope of those ideas is not limited to a specific organization (such as policy changes not being in the realm of acquisition personnel at Camp Lemonnier, but of U.S. leadership).

A. GROWING LOCAL BUSINESS CAPABILITIES

China's "going out" strategy works by not conforming to international norms that tie international economic engagement to institutional requirements. By encouraging Chinese companies to seek outside investment, African nations are given economic growth opportunities outside of state-run international institutions. In order for the U.S. to see the same kind of open response from African nations, the U.S. approach to cooperative economic relationships needs to change. While the United States is beginning to lean toward an economic strategy as evidenced by the announcement of Prosper Africa, this only serves to aid those already considering expanding into the region. This does not necessarily incentivize new businesses to open that previously had no desire to expand. Without the internal policy changes needed to encourage U.S. businesses to operate overseas, expansion will be limited.

Both Djibouti's geo-strategic location and its growth potential have already attracted heavy Chinese financial investment. Djibouti's proximity to the BRI, its growing port operations, DIFTZ expansion, and Djiboutian tax policies and incentives for foreign investors make Djibouti a viable investment location for interested U.S. companies looking to expand into the growing African market. By growing local business capabilities in Djibouti, whether by establishing U.S. businesses on Djiboutian soil or investing in Djiboutian business expansions, improvements in the availability of local goods and services would be a massive boon toward fixing Camp Lemonnier's supply concerns.

1. Business Development Factors

Although Djibouti's geo-strategic location has attracted both foreign militaries and foreign investors, the advantages of this location have yet to be explored to their full potential. Djibouti has long relied on its port services, logistics, and rent paid by foreign military bases as the main source of income for their economy. In the past, growth has been "uneven and insufficiently high and board-based to lift the population from poverty and provide enough jobs" (Kireyev, 2017). As previously mentioned, Vision Djibouti 2035 was created with the goal of transforming Djibouti into a middle-income economy. In order to achieve their goals, Djibouti's strategy focuses on large-scale infrastructure development and "targets a medium-term growth of 7.5–10 percent per year, tripling per capita income, and reducing unemployment" (Kireyev, 2017). Although there is a long way to go to meet middle-income economy status, Djibouti's annual GDP growth rate of 5.6 percent in 2018 (up from 4.1 percent in 2017) implies the country is seeing economic growth from its efforts (The World Bank, 2019). GDP predictions have indicated that this growth will continue to climb as infrastructure projects are completed and new policies are put in to place, but will require improving the business climate to achieve its ultimate goals.

The World Bank's Doing Business Report has shown Djibouti making substantial progress toward meeting their economic goals described in Vision Djibouti 2035. The World Bank's Doing Business project states that it:

> provides objective measures of business regulations and their enforcement across 190 economies and selected cities at the subnational and regional level…It provides quantitative indicators on regulation for starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency. (Doing Business, 2019)

The report ranked Djibouti 99th in the world with an ease of doing business score of 62.02 out of 100. “This ease of doing business score captures the gap of each economy from the best regulatory performance observed on each of the indicators across all economies” (The World Bank, 2018). Djibouti’s 2019 ranking rose 55 spots from 2018 when Djibouti ranked 154th in the world with an ease of doing business score of 49.58. In 2017, Djibouti ranked 171st in the world with an ease of going business score of 44.50 which was comparable to Djibouti’s 2016 ranking of 171st in the world with an ease of doing business score of 44.25. Djibouti’s rankings have seen improvement over the last four years due to its investment in large infrastructure projects and economic policy change that provide incentives and initiatives that promote economic growth and attract foreign investors (The World Bank, 2018).

The 2019 report also gave Djibouti an ease of starting business score of 85.73, which is higher than the ease of doing business due to recent Djiboutian reforms to ease that beginning process. The ease of starting a business score, “measures the number of procedures, time, cost, and pain-in minimum capital requirement for a small-to-medium sized limited liability company to start up and formally operate in each economy’s largest business city” (The World Bank, 2018).

2. Changing U.S. Policy

U.S.–African commercial relations have been based primarily on the African Growth and Opportunity Act (AGOA), a trade agreement that allows African nations duty-free access to U.S. products. AGOA helped bring trade and investment to the forefront of US–Africa policy discussions, but unfortunately mainly focuses on growing African export markets rather than building two-way trading and investment partnerships. While AGOA led to job creation both directly and indirectly, the relationships lie mainly with a small number of countries, “principally South Africa, Lesotho, Kenya, Mauritius, and Ethiopia” (Schneidman & Wiegert, 2018). With China’s rise in trade and commercial loans, the U.S. is in need of a new commercial strategy in the region (Schneidman & Wiegert, 2018). This would allow the United States to get a slice of the pie and benefit from some of the economic opportunities that arise from each nation’s actions.

Current U.S. foreign policies do not offer a whole-of-government approach when handling foreign investment interest. This means that U.S. firms seeking assistance have to work through individual departments and agencies to secure U.S. support when planning foreign investments. As previously mentioned, the Trump Administration recently announced its Prosper Africa plan, which intends to remove this hurdle to trade and investment. These reforms, if implemented effectively, should "work synergistically with the new U.S. International Development Finance Corporation, which will combine the Overseas Private Investment Corporation (OPIC) and USAID's Development Credit Authority, plus include new development finance capabilities, such as equity authority, and have a higher lending limit" (Devermont, 2019). It would then be up to the personnel stationed in Djibouti to facilitate the growth of these businesses. Prosper Africa is intended to aid in removing some of the red tape for those interested in investing in Africa rather than encourage those who are doubting they should invest at all.

While the United States has made steps toward making it easier for businesses that want to go into Djibouti to do so, the issue of businesses not even wanting to go there in the first place is a concern that needs to be addressed. The Millennium Challenge Corporation (MCC) created under U.S. President G.W. Bush uses various policy indicators to determine of different initiatives and determine whether the U.S. should invest in them (Devermont, 2019). African countries put a lot of stock into these rankings, such as The World Bank's Doing Business reports, and eagerly work to increase their scores (Devermont, 2019). This style is an excellent example of something that could be applied to encourage U.S. businesses. If the United States is aware of businesses that might want to support it in Djibouti, the government can evaluate those same businesses using their policy metrics and base financial aid or assistance to the most capable. This assistance can then also be used as an incentive to introduce the possibility to other organizations and get them to consider the expansion. This is certainly not meant to be a total solution, but it would be a concrete action the United States could move toward in order to resolve local acquisition and supply problems over a longer period of time.

B. COOPERATION AND MILITARY SPENDING

To achieve the United Stats' various policy goals and political objectives, the United States needs to leverage the power of the dollar directly with Djiboutian businesses. There are multiple ways to achieve this when the government contracts out work. Many methods result in bypassing larger firms that would subcontract out work for the cheapest rates they could (as they are profit driven organizations). For instance, in the continental United States the small business program is managed by the U.S. Small Business Administration (SBA) (Policies, 2019). The SBA gives the government the option to opt for potentially more costly contracts (due to economies of scale among other reasons) in favor of achieving policy objectives like growing the local economy or investing in smaller business to increase competition. This ensures federal dollars are being put exactly where the government wants to see them used, and the SBA is but one of the avenues of contracting that can be pursued. Another notable method of using economic statecraft is utilizing military spending more strategically in general. Contracting officers in contingency environments are generally more focused on their requirements than strategic goals unless they have mandates from above. The following section will explore these methods in greater depth.

1. Cooperative Actions

Within Djibouti, the Djibouti First initiative (which transitioned to the Africa First initiative) was a mechanism that allowed this same tactic of using dollars to achieve policy objectives (Reece, 2017, para. 1). Whereas a method of using Small Businesses might be effective in the United States where there are a great number of developed organizations, in Djibouti the options for who to contract out to are more limited due to more severe resource constraints (Hale, 2011). This necessitated a method to achieve policy goals within the Djiboutian environment; modeling somewhat after programs such as the Afghan First Initiative was also appealing to DoD leadership. According to one CJTF-HOA program manager that worked with the Africa First initiative, "we're responsible for ensuring each project is relevant to the big picture, the mission" (Allmond, 2017, para. 13). DoD employees that have managed this program are clearly aware of how their mission ties into a greater vision. Yet, still, Djibouti finds itself limited in capability in terms of personnel, training, infrastructure, and more.

A program manager working with a Djiboutian construction team noted, “There are no trade unions or trade schools here. The more education the local worker has, the better. For example, we’ve seen new workers arrive in flip-flops, because that’s what they always wear. So, they’re truly learning the basics—like what to wear to a site—from the experienced laborers” (Allmond, 2017, para. 9). U.S. forces have worked with Djiboutian locals on multiple projects to encourage greater cooperation and educate them (Allmond, 2017, para. 8), but not nearly to the degree where they can yet be self-sufficient (else there would not be a need to source out of country so frequently anymore). If a greater emphasis was placed on this type of cooperation with a focus not on the completion of a specific project, but of growing the talent and businesses that would be capable of meeting future needs, the long-term dividends would likely be significantly more advantageous from a policy standpoint if not a budget standpoint. With this knowledge in mind, the United States is still left with the following dilemma: Contracting to local businesses would boost policy objectives, but the local businesses in Djibouti are generally not capable of meeting U.S. needs. Encouraging cooperation is essential, but needs to flow hand-in-hand with procurement officers being both made aware of and encouraged to use funds toward higher strategic objectives.

2. Strategic Defense Spending

The DoD is likely to use its resources in the most cost-effective way to achieve its mission. For a contracting officer working in Djibouti or Camp Lemonnier, this may often mean getting a contract done as quickly as possible under a Lowest Price Technically Acceptable (LPTA) approach. LPTA essentially means that the government sets a standard for the work to be performed, and the lowest priced contractor deemed capable of meeting that standard wins the contract. F.A.R. 15.101-2 describes it as, “appropriate when best value is expected to result from selection of the technically acceptable proposal with the lowest evaluated price.” Due to the general rapid nature of work in most deployed environments and base leadership’s desire for cost savings, it seems unlikely that contracting personnel at a base level would independently act to use funds in a manner contrary to those immediate objectives. Consequently, the push would need to come from an overarching policy decision.

Operationally focused DoD personnel simply have less reason to think of their purchases strategically as opposed to thinking of purchases as tools to get their requirement done faster due to constant pressure from leadership and their requirements owners to execute funds quickly. Yet, despite these immediate concerns, this spending is ripe to be used by higher levels as a diplomatic tool. “First, political reluctance to curtail military spending—particularly spending associated with contingency operations—reduces the need to prioritize efficiency above other considerations. Second, the scale of spending means that even comparatively modest purchases can have outsized local effects” (Blankenship & Joyce, 2019). This means that the U.S. has leeway to use these funds for other goals than performing a specific mission cost efficiently, and that this spend could pay larger dividends than one might think due to their scale. Furthermore, DoD spend in local economies means the money ends up directly in the hands of those local businesses. This is opposed to aid which may be taken by the government it is given to and used for other purposes (Blankenship & Joyce, 2019).

Additionally, the U.S. must keep in mind that this economic statecraft is a primary driver for much of the Djiboutian government’s actions. By both training locals to perform new work and using DoD procurement in a strategic manner even at the lowest levels of base operations, the U.S. serves the Djiboutian president’s primary interests, encourages the involvement of U.S. businesses and the establishment of new Djiboutian ones, injects money directly into the Djiboutian economy without government interference, grows local talent, diversifies their economic portfolio, and potentially decreases Djibouti’s reliance on the Chinese aid.

As previously mentioned, in the United States the rules in place for small business serve to encourage contracting to use those small businesses, even when better deals may be available via a large business. The Africa First Initiative discussed earlier encourages local business engagement. The former is not sufficient in Djibouti, and the latter is hampered by inadequate contractor resources within Djibouti itself (Hale, 2011). With

DoD personnel incentivized to spend based on a security approach rather than a commercial approach, in order to execute China's economic statecraft strategy there needs to be recognition that this approach would not make its value immediately apparent in terms of cost to the United States, and the United States would need to direct those in charge of spend to emphasize development where possible. This would require the United States to not just purchase from local businesses, but invest in those businesses to the point where they can actually develop the capabilities required of them. This would likely mean significantly more input in terms of the initial investment for goods, services, and construction as well as personnel to actively manage this process.

V. CONCLUSION

This chapter sums up the research performed in this work and reaffirms the conclusions that were reached. It explores the findings and recommendations, but also recognizes the limitations of this research. Those limitations are then scrutinized to present areas for further research and analysis that may prove useful toward developing the strategy of the United States in Djibouti.

A. FINDINGS

When compiling scholarly articles, news reports, and published data on actions the United States has taken in Africa and (when it was possible to retrieve specific information) Djibouti, it became apparent that the United States has adopted a military focus in Djibouti. Despite aid, cooperative actions, and policies more strongly aiming toward an economic approach, much of the United States' interest in Djibouti has been due to its strategic location for military operations. Despite any economically focused actions, the region's ability to meet U.S. demands are insufficient, requiring a large amount of outsourcing to other nations.

Meanwhile, China's influence in the area continues to expand rapidly. China has pursued an approach that is almost entirely based on the idea of economic prosperity. A major example of this is their infrastructure investment which has made many nations in Africa and Southeast Asia (including Djibouti) reliant on China. China's actions have been in line with Djibouti's strategy more so than that of the United States, and China did not even have a military presence in Djibouti until 2017. This strategy of using economic statecraft has historically allowed the giving-nation to gain a significant amount of political influence, and since no Western nations or institutions have readily given Djibouti the financial freedom they sought under China, China has successfully filled a leadership vacuum the United States left open.

B. RECOMMENDATIONS

The United States needs to shift toward a focus on economic statecraft instead of military cooperation in Djibouti. The military cooperation may be well received by some Djiboutian officials, but given the nature of the Djiboutian government and the Djibouti president's official statements and vision, this is by no means the most effective way of accomplishing U.S. diplomatic strategy. Encouraging U.S. businesses to invest in Djibouti and creating policy to make contracting officers in Djibouti award contracts to support economic statecraft are two ways the United States can begin to make use of China's successful strategy in economic statecraft.

Getting U.S. businesses to expand into Djibouti is one of the most effective ways of improving the availability of goods and services to the benefit of U.S. and Camp Lemonnier supply concerns. Despite U.S. policies making it more difficult for businesses to establish themselves in Djibouti, newer initiatives such as Prosper Africa will be avenues for those interested to pursue. Djibouti's recent policy reforms make it more feasible for foreign businesses to operate within its borders. This will serve to both reduce the supply line issues the United States faces every day in-country as well as strengthen the U.S–Djiboutian economic bonds that are essential to continued partnership.

The United States cannot just have businesses set up shop because the local population is not equipped to work to U.S. standards. Education and training programs also need to be expanded beyond those of a per-project basis. There are no trade schools, so U.S. personnel have been educating people in how to perform services. These efforts are by no means inconsequential, but they are also not sufficient; with a greater emphasis on developing the workforce in the region, businesses will find it easier to establish themselves and have a workforce used to American standards and prepared to step up to the increased demands placed not just by the United States, but by the rest of the world as Djibouti grows in importance.

None of this is to say the United States needs to abandon its military efforts. On the contrary, the military efforts can likely be used as an invaluable tool to further that economic strategy. Contracting personnel deployed to places like Camp Lemonnier in

Djibouti are encouraged to fulfill requirements they receive quickly and cost effectively. They get pressure from leadership and their requirement owners to act in those interests, so they have precious few reasons to think more strategically. It would take a policy change or new directive given down through the chain of command in order to make these actors willing to act toward a strategic goal. It would end up costing significantly more money and resources, but would pay long-term dividends if done right.

C. LIMITATIONS

There are, by necessity, limitations placed on any study of the United States and China in Djibouti. One such limitation is that of data on Djibouti. Many sources of data available to the public exclude Djibouti simply because Djibouti either does not keep track of that information or it is controlled by their government and not allowed to get out. In these instances, it becomes necessary to generalize. The only options are to either modify what information is being relied upon, or search for data that covers a greater region for Djibouti. In the case of the later this paper looked toward sources of data regarding East Africa (as in the case of surveys taken by African citizens), or Africa as a whole (such as when regarding U.S. policy initiatives).

Another limitation comes from what the sources of that data actually are. There is a significant amount of data provided by organizations like the National Bureau of Statistics of China, which is a part of the Chinese government. While there is no reason to accuse such sources of data manipulation, it is essential that readers be aware of where these numbers come from because the Chinese government does have a history of framing their actions in a much more favorable way than Western civilization might. Furthermore, with how recently some of the topics in this paper have occurred, many news articles are used in lieu of scholarly articles. While the paper relied on a healthy mix of Chinese, U.S., and African sources of literature, each news article comes with its own sets of biases which must be put together to form an accurate narrative.

The recency of the actions discussed throughout the paper also provides an inherent limitation. No study can comprehensively evaluate the long-term effects of China's recent major plays involving their Belt Road Initiative simply because it is too new. The BRI was only announced in 2013 and while many projects have been either completed or are well on their way, they are still only months or a couple years old. This is why the focus on the effects of economic statecraft have to come from other examples throughout history as opposed to the effects generated just by China's immediately relevant actions.

Recency provides a second limitation in that due to how recently many relevant actions have taken place, much of the data used does not necessarily reflect the current political and economic environment. Often the data ends in years like 2014 or 2017, which are periods when the BRI or China's military base was just starting or picking up steam. While relying on data a couple years old is not necessarily uncommon due to it being a simple reality in literature, this is a topic that has seen very rapid and recent development meaning it is very possible the numbers no longer reflect reality.

The uncertainty of Djibouti's growth also serves as a limiting factor in this research. This is because the predicted effects of any course of action are reliant on the predictions related to Djibouti's future; those predictions utterly failing to come to fruition would warrant a reevaluation as to the benefits of any piece of economic statecraft that China has undertaken. For instance, without significant policy reforms Djibouti's economic change will not survive in the long run (African Development Bank Group, 2019; World Bank, 2019). While the outlook is generally favorable, instability in Ethiopia could ripple into Djibouti and damage its ability to pay back loans or finance its projects. External factors such as price hikes would also likely harm their income, though without a sensitivity analysis the amount is uncertain. A consolidation of wealth in the Djiboutian government instead of wealth being spread throughout the population also makes it difficult to ensure Djibouti reaches its economic potential. Any of these factors could influence the validity of this paper's conclusions were the change drastic enough.

D. AREAS FOR FUTURE RESEARCH

Future research should seek to expand on the feasibility of any of these economic strategies, as well as explore additional alternatives. One obvious area on the subject of the United States focusing on economic statecraft in Djibouti involves a Cost-Benefit Analysis (CBA). A CBA would help determine how practical it would be to switch strategies. While it seems obvious there would be a significant initial investment in training locals, paying businesses more to develop the capacity to perform to U.S. standards in Djibouti, and/or providing training programs on a more significant scale for the local population, additional costs would need to actually be quantified somehow. For instance, quantifying how much would it take to have a major U.S. business willingly open up a capable establishment in Djibouti for use in part by the U.S. military? Furthermore, what needs to be determined is what the payback would be in the long haul. The United States would need to know if that payback would serve to benefit the them significantly in terms of local procurement and what its effects on the local economy would be given an amount of increased spend.

Additional study would be useful in establishing how to manage the contracting officers in charge of awarding various contracts. Contracting officials in the military have a military chain of command and a contracting chain of command, with their contracting authority being controlled by a separate entity than their immediate supervisor or base commander. How can those individuals be given the tools and resources to balance the immediate demands of a contingency environment while also facilitating the use of DoD funding as a tool to help develop Djibouti without damaging their own prospects (and therefore their motivation to do so) by infuriating their military chain of command?

Another area of study that would prove useful is regarding major projects. China invested in infrastructure heavily, overhauling the transportation of many nations. This has both elevated China in the eyes of those countries and improved the capabilities of the nations themselves. Chapter IV recommendations for the DoD focus on individual purchases, but having the United States get its economic statecraft involved in major improvements is another thing entirely. For instance, Camp Lemonnier is subject to logistical impairments due to road conditions. Therefore, having the United States help overhaul Djiboutian roads would make it easier for goods and service providers to get to and from the base. The point here is not to overhaul Djiboutian roads, but to encourage evaluating the needs of the United States and comparing them to the major deficiencies Djibouti faces. This serves to yield some ways the United States could follow in China's footsteps and reap some of its benefits while also allowing Djibouti to emerge out of China's shadow in light of being provided an alternative.

E. INTENDED OUTCOME

A final note of importance is that the goal of this paper is not to stop China. While numerous U.S. sources have sought to condemn China's efforts and some people have encouraged the United States to shy away from what is happening, instead the emphasis here is on learning. China is a rival to the United States on the international stage, but that does not mean the United States should ignore when China does something right. It is important to recognize successful strategies and the strengths of others when seeking to build up your own nation, especially when you have a deficiency of your own like the United States does with procurement in Djibouti. The goal of this paper is to facilitate that learning process, encourage the United States to look at China's successes and, even if all their methods are not suitable for the U.S. way of doing things, to recognize how some strategies could be adapted to the United States' benefit. Creating additional opportunities for success is more important than researching how to minimize the opportunities China has created. The goal of economic statecraft is not to bring down the status, success, or capabilities of China, but to bring the United States up to a more competitive level.

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