

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

Executive Summary

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

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

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



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

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

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

Observations

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

Red Sea Arena



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

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

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

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

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

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

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

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

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

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

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

Recommendations

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



USIP SENIOR STUDY GROUP FINAL REPORT

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USIP Senior Study Group Series

The United States Institute of Peace is convening a series of bipartisan Senior Study Groups (SSGs) to examine China's influence on conflict dynamics around the world. Over the last decade, China has become more engaged internationally, including in conflict zones and fragile states of strategic interest to the United States. From civil wars in neighboring countries, such as Afghanistan and Myanmar, to more distant conflicts in Africa, China is becoming an increasingly important player in regional and international efforts to mitigate conflict. In countries where China exerts a strong influence, its engagement can have a substantial impact on local and international efforts to curb violence and extremism. The SSGs offer new insights into China's objectives and role vis-à-vis various conflicts, and generate recommendations for ways the US government and other key stakeholders may account for China's impact in their work to prevent and resolve conflict and support lasting peace.

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Senior Study Group members express their support for the general findings and recommendations reached by the group, but do not necessarily endorse every statement or judgment in the report. They participate in the SSG in their personal capacities; the views expressed are their own and do not necessarily represent the views of their institutions or employers.

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