

China's Infrastructure Investments in Djibouti, Djibouti: Mutual gains or just an expansion of China power?

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Abstract: After three decades of economic growth, China reached an expansionist stage, with falling profit rate, overcapacity, under consumption and scarcity of material resources. All these imbalances, Chinese corporations with government support decided to search new opportunities abroad. Africa became one of the targeted areas for Chinese investments, in what some critics termed as a new “scramble” for Africa. One of the countries China put strategic importance is Djibouti in which it forged strong relations and financed major infrastructure developments, such as new airports, a water project, ports and a free trade zone. IMF's 2017 report stated that Djibouti infrastructure projects, financed by Chinese institutions, have led to major economic growth in Djibouti. Djibouti ports also became part of President Xi's so-called "One Belt and One Road" initiative to develop trade and related infrastructure along the routes of the old land and maritime silk roads. The critics say that such investments will only help China to access African markets, hinder economic diversification and eventually lead to economic and political dependency and colonisation. Others, see Chinese investments as great opportunities for African states like Djibouti, as they often lack the necessary resources for investments in infrastructure. After studying the historical as well as the contemporary history of China's relations with Africa in general and Djibouti in particular, this study supports the later and concludes that despite the risks of Djibouti failing to repay its debts, China's infrastructure investments in Djibouti will benefit both countries. The study believes that the infrastructure investments will stimulate economic growth, bring knowledge-spreads to Djibouti and create new jobs for the locals.

Keywords: China, Africa, Djibouti, OBOR, infrastructure, FOCAC, neo-colonialism, dependency, interdependence.

I. INTRODUCTION

China pursued for a long time an African policy and it was one of strategic support to African countries during decolonisation. After most of African countries got their independence, the Chinese Africa policy shifted to seek support for its “One China” policy and allies in the Taiwan issue, wooing African leaders with aid packages and economic carrots (Moody, 2011). However, the rapid development of the Chinese manufacturing industry in the last thirty years, generated demand for resources and to meet the need for resources, China shifted again its African policy in the nineties and started to invest in strategic and natural resource-rich African countries (Moody, 2011). The Chinese diplomatic offensive in Africa culminated in 2006 with the formation of Forum on China-Africa Cooperation, FOCAC, where 48 of the 53 African countries were represented, with 40 heads of states (Focac, 2006).

Part of the new Chinese Africa strategy included significant infrastructure investments which increased from USD 500 million in early 2000 to USD 20.9 billion in 2015 (Wu & Bai, 2017). China's stated aim in the infrastructure projects in Africa is to help the host nations to integrate with regional economies but also ease trade with China and the rest of the world. The leaders at the FOCAC conference of 2006 noted that the "...underdeveloped infrastructure is one of the bottlenecks hindering the independent and sustainable development of Africa" (Focac, 2006).

Djibouti is one of the recipients of such Chinese infrastructure projects, a country that is not known for high valued commodities, but recognised for its the strategic location. The major Chinese infrastructure projects in Djibouti include among others, a water project, two new international airports, Addis Ababa-Djibouti railway project and Doraleh Multipurpose Port project with total of USD 2 billion (Wu & Bai, 2017). The port is expected to be one of the world's

largest ports capable of handling containers, livestock, oil and phosphates (Wu & Bai, 2017). The Djibouti ports are also chosen to be part of president Xi's so-called "Belt and Road" initiative to develop trade and related infrastructure along the routes of the old land and maritime silk roads (Ehizuelen, 2017). International Monetary Fund's (IMF) 2017 report stated that "...the big infrastructure projects that started in 2015, most of it financed by loans from state-backed financial institutions from China, has been a major driver of economic growth in Djibouti".

The critics of China's infrastructures investments in Africa, such as Djibouti ones, view that the investments will only help China to import more raw materials from Africa. They will not lead to greater diversification of the African economy, leading to economic and political *colonisation* with few new job opportunities and skills training initiatives (Ferraro, 1996). They point to the more advanced Chinese infrastructure projects in the continent, which are often carried out with Chinese labour, materials, and supervision. Further, they state that the conditions under which the Chinese loans are provided will only make African countries unable to pay them back (Ferraro, 1996). They argue that such financial model is intentional Chinese *debt-trap-diplomacy* that will create *dependency*, loss of priced assets such Djibouti ports and loss of sovereignty.

The proponents, on the other hand, view it as an opportunity to get rid of the West's conditions and constant lecturing of the Africans. They believe that these investments will lead to economic growth and development in these countries (Hoffman et al., 2007). They argue that these investments are an opportunity for African states like Djibouti, as they often lack the necessary resources for investments in infrastructure. They note that when multinationals invest abroad, apart from creating jobs, they bring technology and know-how, which has positive spillovers in the host country (Hoffman et al., 2007). Knowledge-spreads increase human capital and is an important factor that has a significant impact on growth and development in a country.

II. OBJECTIVES OF THE STUDY

The overall objective of this paper is to study the Chinese major infrastructure investments in Djibouti. It was specifically aimed at; stating the factors behind such and whether such investments have mutual benefits to both countries and; to address the above research objectives, this paper raises the following key research questions:

III. RESEARCH QUESTIONS

Is China's infrastructure investments in Djibouti key to long term-term sustainable growth, or a path to dependency and loss of sovereignty? What are the main driving factors behind the investments? What are the opportunities and threats to these investments?

IV. LITERATURE REVIEW

The existing literature about China relation with Africa are from Western sources. Most of the sources are critical of China's investment activities in Africa and theories such as neo-colonialism and dependency theories are ever present in those literatures. Although I discussed neo-colonialism and dependency theories, I chose Keohane & Nye, (2001) interdependent theory for this study. The central point of the theory is that mutual dependency exists between actors and within world policy. The authors state that such dependency should not be translated into as evenly balanced mutual dependencies, which is unusual in the real world, they say it is more often asymmetric. Therefore, actors have to utilise the areas in which they are strong in order to improve in those areas where they are weak.

Abdulai, (2017) and Wekesa (2013), main point is that China is not new to Africa, highlighting the admiral Zheng He's voyages to East Africa. The Chinese voyagers to East Africa prove, firstly, that China was there before the Europeans which reject the notion that China as new to the continent and secondly, the Chinese sought only trade in stark contrast to the conquests of the Europeans (Wekesa, 2013; Abdulai, 2017, p.33). The authors' points support that argument against the claim that China has colonial intentions in Africa. Enuka, (2010), describes in length the principle of the non-interference policy which forms China's foreign policy, meaning that a country shall not interfere/intervene in other countries' internal affairs. The critic of the non-interference policy is that it keeps oppressive dictators and corrupt regimes in power. Enuka (2010) says, despite the policy's weaknesses, it allows Africa and China to negotiate as equals and seek mutually beneficial results.

Bodomo (2017), is a major source in this topic, explains China's paradigm shift in its investments in Africa, centered on taking risks which others were not willing to take in Africa. Further, Bodomo debunks the myths that the majority of

China's FDI goes to Africa and that its loans are without conditions. Bodomo (2017) clarifies that only about 4 percent of its total FDI outflows go to Africa and China sets conditions on loans, the main one is the adherence to the "One-China" policy (p.32). Bodomo (2017) states that the impression of the discourse surrounding Chinese investment in Africa is as if China forgot about other parts of the world and just focused on Africa (p.34). Connars (2018) and Allisson, (2018) highlight the risk of Chinese loans to poor countries, like Djibouti that can't pay them back, leading to dependency and loss of priced assets.

V. METHODOLOGY

China's relation with Africa is a much-debated topic and attracted international attention. Unfortunately, most of it has portrayed the nature of such relationship as exploitive, in which I argue in this thesis as inaccurate. Most literatures from the previously done studies analyse the relation qualitatively. The main reasons for this could be the lack of availability of reliable statistical data from both sides as well as the political concerns of shedding light on the growing relations. This study follows the same trend, for the questions posed in this study can be answered using qualitative method.

This is a qualitative case study with focus on Chinese infrastructure investments in Djibouti. Case study approach is appropriate when the research addresses descriptive or an explanatory question. This approach is appropriate for this study as it will answer the questions using literatures from previous reports and studies. As many issues relating aspects of China-Djibouti relations have not been studied, finding valid primary source have always been a problem in this study. The primary material used, specifically FOCAC website, is linked to the Chinese government, therefore biased in that sense. China's intention with the FOCAC documents is of course to give the right image of China's intentions in Africa. However, in this study, I used such material only to present some of the announced agreements and the plan of actions from the conferences and left behind most of Chinese rhetoric, in order not to mislead the reader. In this case, the material sources collected for this study are secondary and qualitative. I used books and other published material from the British Library in London. Published reports, electric databases are also used, most of them are recent published and available online. Other online material, such as news reports, are also carefully selected from widely read websites.

The thesis is divided into six chapters. The introduction is followed by a chapter on theories and historical background of China-Africa relations. The fourth chapter is brief China's FDI outflows to Africa. The fifth is about China's relation with Djibouti and infrastructure projects in Djibouti with sub-sections, followed by an analysis section of the opportunities and threats to the investments. The last chapter give summery of the study and concludes the study.

VI. DISCUSSION OF RESULTS

China's relation with Africa is a much-debated topic with quite opposing views. China's presence in Africa can be grouped into three groups. Those that see the relation one of neo-colonialism, one of dependency nature or an interdependent one, a win-win one in other words. As discussed in chapter two, those that believe neo-colonialism and dependency theories, base their arguments that China FDI is focused on resource-rich African countries and point out that the relationship mirrors the old European colonial one. They accuse China is on the continent only to exploit its resources and want to enhance its interests.

First, this study finds it difficult to imagine a neo-colonialism in Africa or the so-called a Chinese "Scramble" for Africa, as the African continent is in no shape or form look like what it was when European powers met in Berlin 1884-85 to partition the continent among themselves. Second, the historical contacts between China and Africa, which predated the Western ones, prove that China never had colonial or land-grab intentions in Africa. The old Chinese Dynasties, Han, Tang and Sung, were after a trade and the exchanges of commodities that were not found on the other side, similar to China's current interest in the continent (Wekesa, 2013; Abdulai, 2017). Neo-colonialism is a powerful word that is often tossed around when discussing China-Africa relations, but the argument of China wanting to pursue a kind of neo-colonialism, which originate from the Europeans, is unsupported in this study. Dependency theory's basic explanation is also built on a shared history between core and periphery states and such historical context is needed to determine if a periphery state is imposed on unequal economic condition by a core state (Wallerstein, 1974, pp.401-405). Due to the non-existent of historical or colonial relations, the dependency theory cannot be applied in the current China-Africa relations either. In time, the relationship might develop into one of dependent nature, if African countries fail to diversify their economies or manage their debt in the case of Djibouti, but not in its current form.

Third, the Chinese non-interference policy is a central part of the China-Africa relationship and prove that China respects the national sovereignty of African states. The non-interference policy is a controversial policy in Western countries and they accuse China of keeping oppressive dictators and corrupt regimes in power, solely to secure natural resources. On the one hand, China defends its policy rigorously and believe that the collective development is more important, but on the other hand started to listen to human rights call for action.

As discussed in chapter two, the China-African relationship is one of interdependent nature, a partnership that is based on equality, mutual respect and mutual benefits. In contrast to the other theories, historical evidences support this theory that China-Africa contacts, which predated that of the Western world, was one of trade exchanges. After the Second World War, China supported the continent's independence struggles, which made China as an alternative to the competing powers of the time, the Soviet Union and Western one. As Bodomo (2017) noted, the terminology China used, such as partnership, brother, people of the developing world comparing notes, south-south and win-win, made China gain political capital in Africa and found support for its "One-China" policy against Taiwan.

In the early nineties, with its two digits economic growth, it was clear to China that it would need both resources and markets for its surplus products. This led to China shifting its Africa policy from one of alliance against Taiwan and international stages to an economic one, formulating what was known as China 'Go Global', followed by the growth of China's FDI outflow to Africa (Grimm, 2017, p.47). In chapter four, it is discussed the three main primary factors behind FDI, namely resource-driven, market-driven and efficiency driven and China fits all three. The importance of resource driven factor has decreased as FDI determining factor, but for China, it is still relevant and one of the prime factors that it invests in Africa. China also invests for market reasons, as Abdulai (2017) stated that China's market has reached saturation point and the government had to search for new markets for its goods and services. Djibouti ports are at part of the Chinese equation to reach deep African markets and beyond.

The third factor, the efficiency-driven FDI, it is discussed in the same chapter four that the Chinese wages in China has been steadily rising and increased 150 percent since 2008, leading to Chinese companies seek elsewhere for lower labour costs and the African continent is considered such source ("China Average Yearly Wages", 2017). Ford (2017), sees that that this is one of the reasons that Chinese government and Chinese companies invested in Djibouti Free Trade Zone, where they will not pay corporate, income and value-added taxes with potentially cheap labour force ("Djibouti Opens Chinese", 2018). zone will have four industrial clusters which focus on trade and logistics, export processing and business support, as well as manufacturing and duty-free merchandise retail (Dahir, 2018).

China simply capitalised on economic opportunities in Africa that was dismissed for being too risky. Bodomo (2017) viewed the Chinese risk calculation in Africa not just as a high one but a bold one. a calculation that turned out to be successful for China. Despite the accusation that Chinese loans and investments are condition-less, it is discussed in chapter three that China's conditions were very selective to what is important to China, such as the non-deviations from the "One-China" policy (Bodomo, 2017). It was against this background that the FOCAC conferences become the central platform for shaping China-Africa relations. The African governments stated that they felt that China viewed them as equals in those conferences.

Part of China's FDI in Africa includes significant infrastructure investments, with the aim of integrating regional economies but also easing trade with China and the rest of the world. Among the many African states that benefited from Chinese infrastructure investment is Djibouti, a country not known for high valued commodities, but one China recognised it as its strategic gateway to the East Africa. Among the Chinese infrastructure projects in Djibouti taken up in this study, included a water project from Ethiopia, two international airports, the Addis Ababa-Djibouti railway, the Djibouti port projects and Free Trade Zone. The water pipeline alleviated the chronic shortages of water and the two airports, once completed, will better connect to international hubs. The Addis Ababa-Djibouti railway cuts the journey time for both passengers and products from previous seven days to just under ten hours and increase the volume of trade. The upgraded ports will facilitate the imports and exports of goods using efficient and modern technology.

Early results of the Chinese investments in Djibouti, according to IMF 2017, are showing positive signs and the growth for 2017–2019 is projected to increase to 7 per cent supported by the railroad and DMP (IMF, 2017). Such rate will make Djibouti one of Africa's top ten growing economies. Apart from the overall projected growth in the coming years, the DCT port is expected to generate high revenues from the increased volume. The DCT's current performance is 900.000 TEU of total 1.6 million TEU capacity, which show that a 43.7 percent more capacity that can be exploited

(Yewondwossen, 2018). The port's activity has experienced a marked increase since Djibouti took over the management from Dubai World, something the government was all along claiming that it was an obstacle to its full potential ("The rise of Djibouti", 2018). PIL's involvement in the running of the Djibouti ports, with its vast experience, not only make it efficient but also unmeasurable knowledge transfer to Djiboutian workforce.

Djibouti's ambition goes way beyond the success of Doraleh port and has an eye on an even more ambitious energy sector project with China and Ethiopia. The Djibouti government is an agreement with China, which its first phase is the commissioning of a gas pipeline between Ethiopia's Ogaden Basin natural gas fields and the ports of Djibouti (The rise of Djibouti, 2018). The second phase of the project is the construction of a natural gas liquefaction plant and a gas terminal in the Damerjog area in Djibouti, financed by China's POLY-GCL Petroleum Group Holdings Limited, a project that is worth USD 4 billion (The rise of Djibouti, 2018). China prefers the pipelines to go through Djibouti ports rather than any other port, for the simple reason that China wants to strengthen the Ethiopian-Djibouti relations as China have long-term investments in both countries. Such strategy, will make China more eager to see both countries succeed. Further, Djibouti ports being part of President Xi's OBOR initiative, will bring along more traffic to Djibouti ports.

The airports, once completed and the Ethiopian-Djibouti Railways will take part in the growth of the country's economy and create jobs for the locals. The railway is yet to reach its full capacity, in which it will be able to transport 8.5 million tons annually. Apart from the benefits of cutting the costs and time to transport goods and people, the project has also brought knowledge of rail management and operational skills for both countries. The Chinese rail companies will run the line until 2023 and the local employees will receive the specialist training that was badly needed, in line with the Chinese Build-Operate-Transfer (BOT) scheme. In many unsuccessful cases, the problem can be attributed to a quick transfer of authority to the local side on completion". No doubt, these major infrastructures projects will boost the Djibouti economy, but how much is something to be seen in the future.

The Threats

As discussed, the Chinese infrastructure investments in Djibouti is seen as a great opportunity, as the country lacks the necessary resources to increase investments in infrastructure from domestic financing. However, there are threats that can affect such major projects. The first threat from the infrastructure investments is the possibility of the Djibouti government failing to repay its Chinese debts. When government borrowing "...is not accompanied by enough economic growth...it can generate a downward spiral that inevitably ends in the need for debt restructuring or reduction" (Hurley, Scott & Gailyn, 2018).

Governments cut back domestic spending on infrastructure and social services in order to service the debt and the debt problem worsen when governments borrow more to service the debt. Djibouti is among one of eight countries that include China's OBOR initiative that is ranked as vulnerable (Hurley et al., 2018). Djibouti is projected to take on public debt worth around 88% of the country's overall USD 1.72 billion GDP, with China owning nearly USD 1.4 billion, when excluded the funding for the two airports that are yet to be completed (Hurley et al., 2018).

Table 1: General government gross debt (% of GDP)

	Actual		Forecast	
	2015	2016	2017	2018
World	80.6	83.6	83.1	82.8
MICs	44.5	47.4	48.6	49.8
Mongolia	62.1	87.6	85.3	89.0
Montenegro	76.8	78.0	79.7	80.9
Pakistan	65.7	70.0	69.1	67.6
LICs	36.1	40.4	41.9	41.6
Maldives	73.1	83.1	96.5	109.0
Djibouti	72.1	86.6	88.1	87.5
Laos	65.8	67.8	69.0	70.3
Kyrgyz Republic	65.0	62.1	64.2	65.5
Tajikistan	33.4	44.8	51.8	56.8

Source: IMF

Table one shows the eight countries and debt levels, the actual and the forecast over 2015-2018. The forecast is based on IMF surveillance reports and Djibouti is forecasted as the third highest in 2018, right after Mongolia and Maldives (Hurley et al., 2018). The report says that although the Chinese loans are fixed at below-market rates, which will reduce the risk of default, the projects like the Addis Ababa–Djibouti railway were financed closer to commercial rates (Hurley et al, 2018). Hurley et al, (2018), state that although the infrastructure investments can generate sufficient revenues to meet debt service requirements, the Djibouti borrowing might not be limited to infrastructure ones only and this is the risk.

Connars (2018), on the other hand, is even more pessimistic and believes that Djibouti will eventually succumb to "...Beijing's global influence policy of "debt-trap-diplomacy," which will lead to China taking over DCT port. Connars (2018) believes that this is a Chinese strategy, giving loans to vulnerable countries beyond their worth and then taking priced assets like ports as collateral.

In chapter two' interdependent theory, the word "vulnerability" is a key word, where all actors feel certain vulnerability which lead to compromises. In this case, Connars (2018) implies that China is intentionally making other weaker nations more vulnerable in order to take priced assets. Although China always put emphasis on that it has good intentions with its relations with the continent, the risk is always present around these loans.

Allisson, (2018), also share similar thoughts and says that even if everything goes according to plan, Djibouti will still struggle to "...keep up with the repayments on the enormous sums it has borrowed from China" and will result in Djibouti ending up like Sri Lankan government. The Sri Lankan government borrowed from China, but it could not keep up the repayment, resulting to relinquish the control of its Chinese-built Hambantota port for 99 years (Connars 2108). According to Ronak Gopaldas in Allisson (2018), who runs the risk analysis firm, Signal Risk, says that the Sri Lanka case should serve as a major wake-up call to Djibouti and there are some obvious parallels between the two countries. Hurley et al (2018), on the other hand, caution the negative assumption and believe that the Sri Lanka case of debt-for-equity swap is exceptional. Historically, China dealt with countries with debt stresses in a case by case and showed more willingness to provide additional credit to a borrower so it can avoid default (Hurley et al., 2018).

Second, at the time of this study is written, there are speedy political reforms in Ethiopia, led by the newly elected Prime Minister Abiy Ahmed. In the short time he was in power, he made significant changes, such as the release of political prisoners, removed terror labelling from the opposition and rebel organisations, and signed a long overdue peace agreement with Eritrea (Ahmed, 2018). The latter is what could affect the Djibouti port investments, as Djibouti relies heavily on Ethiopian imports and exports. The Ethiopia-Eritrea peace will give Ethiopia access to a third Red Sea port after Somaliland port of Berbera and Djibouti, where it can import and export its goods. How much and how fast the Eritrean ports develop into a rival to Djiboutian ports and how much they will take of the lucrative transshipments is yet to be seen. Analysts already identified Djibouti as the likely loser in the Ethiopia-Eritrea peace agreement. Lilley, (2018) states that "...while it is unlikely that Ethiopia will cease using Djiboutian ports altogether, it will have options—and thus will be less inclined to settle for usurious port usage rates."

Although there is no hard evidence, however, there are some who see UAE's hands in the rapprochement between Ethiopia and Eritrea, a country Djibouti have a frosty relation since the Djiboutian government cancelled the contract of DP World in February 2018. The Djibouti government may have already interpreted this as Dubai's response to DCT issue. Whether this is Dubai's conspiracy or Ethiopian own peace initiative, Lilley (2018), conclude that the faster Ethiopia and Eritrea normalise relations "...the faster Djibouti's strategic advantages disappear—and with them, Guelleh's cashflow".

Third, the presence of superpowers in the tiny country and their opposing interests can pose a threat to Djibouti investments. France had always had a presence but was joined by the US, Japan and other EU countries. In 2015, China also joined the countries that have bases in Djibouti with the discontent of the Western governments. Allisson, (2018) say that, apart from the revenues for the government, such as rents from the bases, Djibouti see the superpowers presence as guarantees that will make sure the global commerce has uninterrupted passage through this choke-point. The tension between the superpowers came to the surface, in March 2018 as news circulated that China intended to take over the DCT. This news led to the US Djibouti ambassador and U.S. Africa Command General Thomas Waldhauser, voicing their concerns (Manek, 2018). The US feared that such take over might lead to China imposing restrictions on the U.S.'s ability to use the facility. Although Djibouti government reassured US government that Chinese involvement in the nation's ports will not affect the strategic interests of other allies, nevertheless this showed the deep distrust between these

two superpowers (Manek, 2018). Even though their presence in Djibouti is helpful, their competitive nature is the main problem for the host country. The rivalry between the superpowers is not something that will go away anytime soon and tiny Djibouti could suffer economically if Western governments, primarily the US decides to relocate its base elsewhere in order to boycott the perceived "Chinese" ports in Djibouti.

The highlighted above are the real threats to the investments. However, the study strongly believes that if such threats properly managed, Djibouti, as nation with less than 1 million population will be years ahead of the region. Once all these projects are fully functional and full capacity, they will have mutual benefits to both China and Djibouti. Therefore, China's infrastructure investments in Djibouti is key to long term-term sustainable growth.

VII. CONCLUSION

China's investments in Africa has been the hot topics in academic circles, media and corridors of powers in most Western countries. After two-digit growth in decades, Chinese markets reached saturation point, with falling profit rate, overcapacity, under consumption and scarcity of material resources. China's search for resources and new markets, led to the African continent for Chinese investments. Some even put such inputs as a Chinese "Scramble" for Africa. It difficult to imagine a neo-colonialism in Africa or the so-called a Chinese "Scramble" for Africa, as the world is different than when European powers met in Berlin 1884-85 to partition the continent among themselves. Also, the very term neo-colonialism seems to some degree out dated and often used to inject excitement and controversy into their arguments. Djibouti, a tiny nation in the horn of Africa, is one of the countries that China financed major infrastructure developments, such as new airports, a water project, ports and a free trade zone. IMF's 2017 report stated that Djibouti infrastructure projects, financed by Chinese institutions, have led to major economic growth in Djibouti. Djibouti ports also became part of President Xi's so-called "One Belt and One Road" initiative to develop trade and related infrastructure along the routes of the old land and maritime silk roads.

Although there are numerous mutual benefits of the projects that are discussed in this study, there are also threats associated with the investments. These are among others, the possibility that Djibouti failing to repay the Chinese debts, the Ethiopia-Eritrean peace agreements leading to Djibouti losing its competitive edge and the opposing interests of superpowers that are based in this small country. The riskiest of all is Djibouti not being able to repay its debt, leading China taking over the operations of these projects. This could put Djibouti in a vulnerable position and could create dependency and loss of sovereignty. However, as long as Djibouti government is aware of those risks and able to manage them, Djibouti with increased skilled workforce is in a good position for sustainable growth resulting from these major investments while China at the same time achieves its stated goals in such projects. The study argues that the nature of engagement between Djibouti and China is one of mutual dependence and China's infrastructure investments in Djibouti are key to long term-term sustainable growth.

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