

## Opinion – Keep an Eye on Djibouti

Written by Mukesh Kapila

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MUKESH KAPILA, NOV 3 2023

Here is a quiz for our times. Think of a nation through the mouth of which passes 10–15 per cent of the world's oil and commercial trade (20–25 per cent for Europe). Also, the undersea cables that transmit data between three continents including nearly all internet access to some territories. Besides being the life-giving conduit with 95% of goods to and from a giant landlocked neighbour. Further visualise that nation marooned within a tempestuous region of perpetually-conflicted neighbours. With piracy rampant along its 314 km waterfront. Finally, consider the cheek-by-jowl military bases of eight great powers in a tiny territory of 23,000 square km. This is Djibouti where, aeons ago, the earth split to create the Red Sea. It is still at the centre of tectonic shifts, but of the geo-political type. But this is not much talked about. Is Djibouti the calm centre of the violent political storms buffeting our world, or will it become the epicentre of the next global war?

The question stems from Djibouti's location overlooking the Bab al-Mandab Strait that connects the Indian Ocean via the Gulf of Aden to the Red Sea and Mediterranean. The economic security of the world's most populous regions from China and India to Middle East, Horn of Africa, and Europe depend on free passage across this 28 km wide chokepoint. It is a rough neighbourhood. Across the water is the Houthi-dominated part of Yemen, torn by a proxy war between Iran and Saudi Arabia. And bordering Djibouti are totalitarian Eritrea, dysfunctional Somalia, and restive Ethiopia. The longstanding conflicts within and across their borders are accompanied by massive human rights abuses, hunger, disease, and climate and environmental catastrophes. As well as population dislocations: some 5 million refugees and 16 million displaced.

The troubles of the Horn of Africa cannot be kept bottled therein. Perhaps why the French retained a military base in Djibouti after its independence in 1977. The United States has its only African base there. The Italian, Japanese, German, Spanish, Japanese and Saudi military are also present. China opened its first overseas naval base in Djibouti as a critical hub in its 'Belt and Road' penetration of Africa. Russia and India want to come too.

It appears that defenceless Djibouti welcomes all foreign militaries as a form of self-protection. Who will threaten it, bristling as it is with the world's most sophisticated armaments and best-trained soldiers? Besides, renting out its unproductive real estate brings useful income. Meanwhile, the foreign militaries are mutually deterred to keep peace while going about their normal business of spying on each other. In that respect, is Djibouti playing a useful geo-political role, somewhat akin to Switzerland in the Second World War and Vienna in the Cold War? Perhaps, but the Achilles Heel is Djibouti's internal dynamics.

With a GDP of around US\$3500 per capita, Djibouti is lower-middle income. But a quarter of its 1.13 million population endure extreme poverty and a third are unemployed. The country ranks a lowly 171<sup>st</sup> on the Human Development Index, reflecting its bad governance. Nominally a multiparty system, the same president has ruled with a rod of iron since 1999 thanks to flawed or boycotted elections. Classified by Freedom House as "not free", Djibouti does not allow freedom of expression or association, not to mention fair judiciary or media freedom, ranking 162<sup>nd</sup> out of 180 on the World Press Freedom Index.

The US State Department has called out its arbitrary detentions under harsh and abusive conditions including torture and a climate of fear is perpetrated by Djibouti's security forces. Transparency International's Corruption Perception index ranks Djibouti as the 130<sup>th</sup> most corrupt nation while neighbouring Somalia occupies the bottom

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180<sup>th</sup> slot. Djibouti's location does double service as a criminal hub. Lucrative human trafficking for labour and sexual exploitation are systematically overlooked. Irregular Somali and Ethiopian migrants are most impacted with transshipment to Yemen and on to Saudi Arabia. Hostage taking for ransom is documented.

Djibouti is an arms trafficking hub with weaponry and munitions from Yemeni and Iranian sources fuelling all conflicts in the Horn and beyond. Unsurprisingly, there is a parallel gold smuggling trade. Tragically, endangered animals are not spared. There is illicit trade in ivory, rhino horn, skins, as well as wild animals for exotic pet markets. They originate, for example, from the Eritrean desert and transit through Djibouti where they are joined by nesting seabirds and marine turtles.

The country is a waypoint for illicit drugs, such as heroin and cannabis from Asia. At the same time, Djibouti has its own addiction with khat, an amphetamine-like stimulant that wastes 40% of household budgets with devastating health, social, and productivity consequences. Banned in most developed countries but not in Djibouti, khat contributes 15% of the government budget with trading cartels seeding corruption along the way. Djibouti's khat economy invites comparisons with Afghanistan's poppy business or Latin America's narco-trade. This is just one of several channels for illicit financial transactions, as anti-money laundering regulations are not implemented.

The Organised Crime Index indicates how multiple criminal networks are comfortable on Djibouti, their impunity apparently linked to profit-sharing Djiboutian actors. Ironically, the Intergovernmental Authority on Development (IGAD), a regional grouping for good governance, peace and prosperity is headquartered in Djibouti but has little influence. Djiboutian plunder comes in various forms. Take stewardship of Lake Assal that provides gourmet-quality "white gold". Chinese companies have extracted opaque concessions to exploit six million tons of salt. The industrial commodification of a millennia-old livelihood resource does little for locals while adding to Djibouti's external debt of over 3 billion dollars, nearly half of which is held by China.

Corruption is bringing Djibouti to its knees as it struggles to service its mushrooming debts. That risks its biggest money-spinner, its strategic port and free trade zone. These were Chinese financed, and are now Chinese-managed, after the Djibouti government abruptly nationalised it and terminated its management contract with the Dubai-based shipping giant DP World. The legality of that is disputed as also whether such nationalisation serves the Djiboutian public interest. DP World has won rulings in courts in London and Hong Kong against being muscled out by Djibouti and its Chinese collaborator under highly dubious circumstances. But there is no restitution and billions of dollars are at stake.

Meanwhile, an independent assessment by specialist Pangea-Risk Insight highlights rampant corruption "at the highest echelons of the port's administration" and alleges "exploiting financial institutions" for money laundering, frauds and illicit fund diversions. There are close parallels with the Chinese financing of Hambantota Port in Sri Lanka that corrupted the country's politics and bankrupted its government – leading to China taking over port ownership. Will Djibouti Port go the same way? If that happens, what will that mean for Djibouti's strategic open hub status.

With Djibouti's fragile rule-of law corroded by astounding magnitudes of corrupt plunder, what is the impact on the security of the state? As France knows from its experiences of several ex-colonies in Sub-Saharan Africa, corrupt and authoritarian governance eventually implodes. The Western militaries also discovered that their military strength could not stop their expulsion from the Sahel. The consequent instability including potentially resurgent terrorism has already rippled across the African continent and threatens wider consequences in our globalised world.

The world's most powerful militaries camped in Djibouti cannot be unaware of distress signals emanating around them. Their governments are distracted by more pressing wars in the Middle East and Europe, and rising tensions in the Pacific. But they would be rash to ignore Djibouti – for the same reason that took them there in the first place.

Djibouti's dangerous downward slide has serious consequences for stability, far beyond its own tiny footprint on the planet. Our common interest suggests that it should not be a place for destructive rivalry or greedy exploitation from within or by outsiders. Djibouti needs the international community to come together to help it become a decent,

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democratic, developed nation. It will be a win-win if Djibouti is properly enabled to fulfil its geographical destiny as the connection to all corners. But only if it can always stay the calm centre of gathering global storms. That cannot be taken for granted.

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