

United States Senate

April 10, 2018

The Honorable Jim Mattis
Secretary
U.S. Department of Defense
Washington, D.C. 20301

The Honorable John J. Sullivan
Acting Secretary
U.S. Department of State
Washington, D.C. 20505

Dear Secretary Mattis and Acting Secretary Sullivan,

During testimony before Congress last month, General Thomas Waldhauser, Commander of U.S. Africa Command, said the “Chinese involvement and engagement in the [African] continent is certainly on an upward arc” and “China is engaged on the African continent for their self-interest...it's all designed to enhance their global posture down the road.”¹ This closely follows the comments made by former Secretary Tillerson during his trip to the African continent in March. During his trip he warned leaders about the perils associated with China’s lending practices. I fully agree that African countries should “carefully consider the terms of those agreements and not forfeit their sovereignty.”²

Nowhere is this advice more warranted than in Djibouti where President Guelleh’s venality continues to be exploited by Beijing -- placing U.S. security interests at risk. In your capacity and in coordination with the other agencies, I urge you to examine these concerns and carefully evaluate our bilateral relationship with the Guelleh regime.

U.S. Pacific Fleet Commander Admiral Scott Swift recently confirmed China’s “coercive economic actions” stating they “increase debt in a given country and then turn around and ask for something in return that was not part of the original negotiation.”³ Djibouti is the case study of China’s subterfuge, masked as sacks of Yuan. A 2017 Center for Naval Analyses (CNA) report found “Djibouti is increasingly indebted to China” which will provide Beijing “some leverage in negotiations.” Echoing the CNA report while listing Djibouti as one of the eight most vulnerable countries in the world, the Center for Global Development noted, “China’s share of debt in Djibouti, where it has its only overseas military base, will rise from 82% to 91% of GDP.” The report further cites the “extremely risky nature of Djibouti’s borrowing program”⁴ where debt as a percentage of GDP is the highest of any low-income country. While President Guelleh’s thirst for China’s currency has yielded him wealth and a new palace, it has also left his country susceptible to his patron’s demands.

Reports concerning the nationalization of the Doraleh Container Terminal (DCT) are troubling and emblematic of what leverage this debt has provided Beijing. The timeline of events draw into question the influences and motivations that led to President Guelleh’s decree and takeover of the DCT. According to

¹ General Thomas D. Waldhauser, Commander, U.S. Africa Command, House Armed Services Committee, March 6, 2018

² Secretary Rex Tillerson, Department of State, African Union Headquarters, Addis Ababa, Ethiopia, March 8, 2018

³ Admiral Scott Swift, Commander, U.S. Pacific Fleet, Tokyo, Japan on March 6, 2018,

⁴ Center for Naval Analyses, China’s Military Support Facility in Djibouti: The Economic and Security Dimensions of China’s First Overseas Base by Erica Downs, Jeffrey Becker and Patrick deGategno

a March 2018 report by the Center for Global Development, “China has provided nearly \$1.4 billion in funding for Djibouti’s major investment projects, equivalent to 75 percent of Djibouti’s GDP.”⁵

Following Chinese demands that Djibouti repay a portion of their debt, President Guelleh is suspected of offering Beijing the port facility as an alternative form of repayment. In February 2018, on the agreement of China, Djibouti dissolved the 30-year lease signed in 2006 and nationalized the terminal. In March 2018, Djibouti inked a deal with Singapore-based Pacific International Lines (PIL) to manage the facility. While PIL may be based in Singapore, it was founded by Mr. Chang Yun Chun. Mr. Chun’s family’s wealth has its roots in China, and the company has long held a close commercial relationship with China and relies heavily on it for its business. Furthermore, the temporary nature of the agreement suggests it is a stepping-stone to complete Chinese control of the facility.

When addressing concerns over this eventuality, General Waldhauser testified that the “consequences could be significant⁶.” General Votel, Commander of U.S. Central Command testified “The activities in Djibouti are not only important to AFRICOM, but extraordinarily important to CENTOM. I certainly share General Waldhauser’s concerns about what is playing out in Djibouti.”⁷

As you are aware, Djibouti is home to Camp Lemonnier, the only permanent U.S. base in Africa. Hosting over 4,000 military and intelligence personnel, Camp Lemonnier serves as a key strategic outpost for enabling counterterrorism operations against the Islamic State, Boko Haram, al-Shabaab and the Lord’s Resistance Army. Like the port facility agreement scrapped by President Guelleh, the U.S. operates Camp Lemonnier under a multi-decade lease. I am concerned Guelleh could break this agreement should his Chinese patrons call in another debt leaving the United States limited in our ability to project power.

Given the vital military and commercial implications in the region, we must demand more of those that call themselves allies. As you examine this matter and work to gain assurances from President Guelleh, please respond with how you will also ensure the government in Djibouti does not move further toward full Chinese client state status.

Sincerely,



Ted Cruz
United States Senator

CC:

The Honorable John Bolton, Assistant to the President for National Security Affairs
The Honorable Michael Pompeo, Director, Central Intelligence Agency

⁵ Center for Global Development, Examining the Debt Implications of the Belt and Road Initiative from a Policy Perspective, John Hurley, Scott Morris, and Gailyn Portelance

⁶ General Thomas D. Waldhauser, Commander, U.S. Africa Command, House Armed Services Committee, March 6, 2018

⁷ General Joseph L. Votel, Commander, U.S. Central Command, Senate Armed Services Committee, March 13, 2018