

**A GEO-POLITICAL ANALYSIS OF CHINA'S PRESENCE IN
THE RED SEA REGION**

Submitted for partial fulfillment of the requirements for the award of the degree of
MASTER OF BUSINESS ADMINISTRATION
(INTERNATIONAL TRANSPORTATION AND LOGISTICS MANAGEMENT)

SUBMITTED BY

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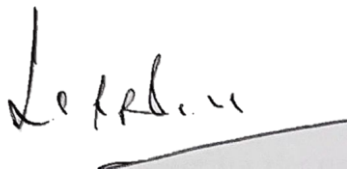
SCHOOL OF MARITIME MANAGEMENT
INDIAN MARITIME UNIVERSITY CHENNAI CAMPUS



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CHENNAI

CERTIFICATE

This is to certify that the project report entitled ‘A **GEOPOLITICAL ANALYSIS OF CHINAS PRESENCE IN THE RED SEA REGION**’ submitted to the School of Maritime Management, Indian Maritime Management, Chennai Campus, in partial fulfilment for the award of the Degree of Masters Of Business Administration (MBA) in International Transportation and Logistics Management.

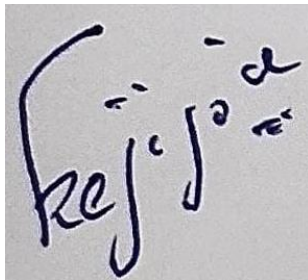


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DECLARATION

I, NITHYA V (Registration No. 2203305027), Student of the School of Maritime Management, Indian Maritime University, Chennai Campus pursuing a Master of Business Administration (International transportation and logistics Management), hereby declare that this report titled “A GEO-POLITICAL ANALYSIS OF CHINA’S PRESENCE IN THE RED SEA REGION ” has been prepared by me towards the partial fulfillment of the requirement for the award of the degree of Master of Business Administration- International transportation and logistics Management under the guidance of Dr.Lekha Ravi, Assistant Professor in School of Maritime Management, Indian Maritime University, Chennai Campus.

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This endeavour would have been incomplete without proper assistance and guidance; hence, I would like to thank and express my gratitude to all those people who have helped me in the completion of this project directly or indirectly.

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Finally, I thank all the non-teaching staff and fellows of the university my cordial regards to the employees of the organization for their kind cooperation throughout the period.

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EXECUTVE SUMMARY

China's increasing worldwide presence is reflected in its growing involvement in the Red Sea region. The study examines China's involvement in this crucial waterway, which encompasses infrastructure development, maritime trade, and diplomatic overtures, highlights its pursuit of political, military, and economic objectives. The findings show that China's economic involvement in the Red Sea region is based on its Belt and Road Initiative (BRI), which makes investments in energy, ports, and railroads possible. By improving connectivity along the maritime Silk Road, these initiatives hope to diversify China's energy supply routes and strengthen its access to markets in Europe, the Middle East, and Africa.

Further the study reveals that through bilateral agreements and international forums, China has attempted to foster connections with littoral governments in the Red Sea region through diplomatic tactics. China's first overseas military facility is located in Djibouti, which has become an important partner in the country's ambitions to build a maritime Silk Road. China's strategic outpost serves as a supply base for naval operations, such as evacuation missions and anti-piracy patrols, highlighting the country's growing security interests in securing maritime lanes and defending assets abroad. China has increased its diplomatic and economic ties with other Red Sea littoral governments in addition to Djibouti in order to promote shared interests and counterbalance Western dominance in the area.

China's involvement in the Red Sea region is also influenced by larger geopolitical factors, most notably its competition with the US. The Red Sea is a critical arena for rivalry as Beijing attempts to establish itself as a major world power. China wants to subvert American hegemony and increase its sphere of influence in this region. In order to protect its interests and those of its friends, the United States has maintained a sizable naval presence in the area. This competition has resulted in overlapping military deployments. China's rising naval capabilities and strategic partnerships indicate its ambition to establish greater influence in the Red Sea and beyond, even though its military footprint is still far less than that of the United States. China's involvement in the Red Sea region is a complex phenomenon influenced by geopolitical rivalries, strategic considerations, and economic needs. Beijing's involvement offers connectivity and economic growth, but worries about its long-term goals and the effects on regional stability have been raised by its strong diplomacy and growing military presence. It is concluded that in the years to come, the Red Sea is likely to remain a center of geopolitical rivalry and strategic manoeuvring as China continues to expand its influence in the area.

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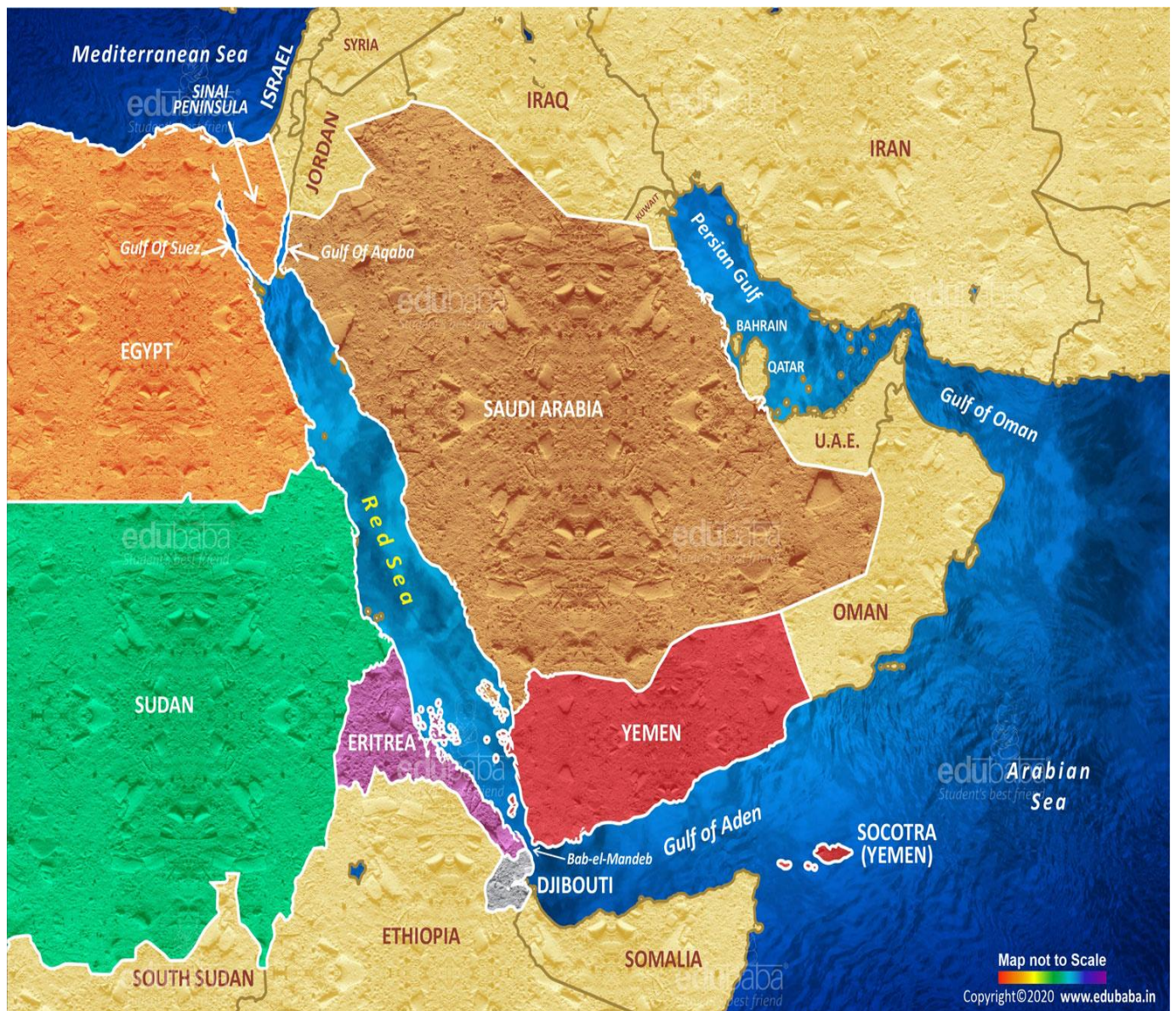
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CHAPTER 1
INTRODUCTION

1.1 INTRODUCTION TO THE RED SEA ROUTE

The Red Sea region is a significant body of water located between northeastern Africa and the Arabian Peninsula.

The Red Sea is approximately 2,250 kilometers (1,400 miles) long, making it one of the world's most prominent bodies of water. It is surrounded by countries such as Egypt, Sudan, Eritrea, Djibouti, Saudi Arabia, Yemen, and Jordan.



1. SOURCE: <https://images.app.goo.gl/X1dD4WtrsXvQTsoB7>

TRADE AND TRANSPORT

The Red Sea has been a crucial trade route for centuries, connecting Europe, Africa, and Asia. It serves as a vital waterway for international trade, particularly for shipping between Europe and Asia, providing access to the Suez Canal, which connects the Red Sea to the Mediterranean Sea.

Throughout the annals of history, the Red Sea region has been a nexus of trade and transport, connecting continents and cultures and shaping the course of human civilization. From the ancient kingdoms of Egypt and Persia to the bustling ports of the modern era, the Red Sea has played a pivotal role in the exchange of goods, ideas, and people across the globe.



2.Source: <https://www.iasparliament.com/uploads/files/trade-routes.jpg>

RED SEA REGION- CHALLENGES

Today, the Red Sea region continues to be a vital artery of global commerce, with container ships, oil tankers, and cruise liners plying its waters alongside traditional dhows and fishing boats. However, the region also faces a host of challenges, from environmental degradation and overfishing to geopolitical tensions and piracy, which threaten to disrupt the flow of goods and commerce.

The trade and transport history of the Red Sea region is a saga of resilience, adaptation, and innovation, shaped by the ebb and flow of civilizations and the currents of change. As we navigate the challenges of the 21st century, the legacy of trade in the Red Sea region serves as a reminder of the enduring power of human ingenuity and the boundless possibilities of maritime commerce.

1.2 OBJECTIVES OF THE STUDY

- Examine and document China's strategic investments and infrastructural projects in the Red Sea region.
- Study China's expanding influence in the Red Sea region and its influences.
- Analyse China's diplomatic relations regarding with other countries
- Identify maritime security concerns due to the military presence of China in the Red Sea region.

1.3 METHODOLOGY

Studying China's presence in the Red Sea region involves a comprehensive methodology to understand the various dimensions of China's economic, political, and strategic engagements in the area.

Literature Review: Begin by reviewing existing literature on China's presence in the Red Sea region. This involves academic papers, reports from think tanks, governmental publications, and news articles. It helps in understanding the historical context, key events, and existing analyses.

Research Questions Formulation: Based on the literature review, develop specific research questions that guide the study. These questions should address aspects such as China's economic investments, political engagements, military presence, and their implications for regional dynamics.

Data Collection: Gather secondary data from diverse sources.

- Academic Studies: Incorporate findings from academic research that delve into various aspects of China's involvement, such as infrastructure projects, trade patterns, and diplomatic relations.

- Media Analysis: Examine news articles, op-eds, and editorials from both Chinese and international media outlets to understand public discourse and perceptions.

-Statistical Data: Utilize statistical data on trade flows, investment patterns, and economic indicators to quantify China's presence in the region.

-Analytical Framework: Develop an analytical framework to systematically analyze the collected data and categorizing China's activities into economic, political, and military dimensions, and assessing their drivers, objectives, and impacts.

-Policy Implications: Draw policy implications based on the findings of the study. Assess the implications of China's presence for regional stability, governance structures, and the interests of other stakeholders, and provide recommendations for policymakers.

1.4 LIMITATION OF THE STUDY

- Restrictions on government transparency and access to sensitive material in China could make it more difficult to fully comprehend the reasons behind China's involvement in the Red Sea region.
- Accurately capturing and assessing China's long-term strategic aims and their repercussions may be difficult given the dynamic and quickly changing geopolitical circumstances in the Red Sea region.
- The study of China's involvement in the Red Sea region may be biased or see things from incomplete perspectives if secondary sources, such as media reporting and academic analyses, are heavily relied upon.

Difficult to reach firm conclusions on how China's presence affects regional dynamics due to the complexity of the interactions between China and local actors in the Red Sea region. These challenges may arise in the areas of causality and attribution.

CHAPTER 2
REVIEW OF LITERATURE

The Red Sea region, historically a crossroads of trade routes and civilizations, is once again the focus of attention worldwide, this time because of China's growing influence and presence. Scholars, decision-makers, and stakeholders from all over the world are becoming increasingly interested in and concerned about China's expanding involvement in the Red Sea region. China's position in the Red Sea region has come to represent both its larger aspirations and the shifting dynamics of global geopolitics, as the country expands its economic influence and geopolitical interests beyond its immediate borders. The goal of this chapter's assessment of the literature is to offer a thorough examination of the enormous corpus of academic publications that examine various facets of China's involvement in the Red Sea region. This chapter aims to disentangle the intricate reasons, tactics, and consequences that underlie China's engagement in this strategically important field by synthesizing and critically analyzing the body of available literature. This review traverses the complex interplay of economic, political, and security forces that determine China's engagement in the Red Sea region, from historical perspectives to contemporary trends. This chapter seeks to further existing scholarly conversation by providing a comprehensive understanding of China's multidimensional engagement. It also aims to offer insightful information to policymakers who are considering the ramifications of China's growing influence in the Red Sea region. This review aims to clarify the nuances of China's participation in this crucial sector and its wider implications for regional dynamics and global geopolitics by thoroughly examining scholarly contributions.

1.

CHINA'S DUAL STRATEGY IN THE RED SEA: BALANCING ECONOMIC EXPANSION AND MILITARY PRESENCE

AUTHOR: LEONARDO JACOPO MARIA MAZZUCCO

Seaborne trade, responsible for over 80% of global merchandise, has remained resilient despite pandemic-induced lockdowns, Russia's war on Ukraine, and inflation. The global economy's reliance on maritime connectivity infrastructure intensifies near maritime chokepoints. Countries can establish a strategic presence near these chokepoints using complex security approaches or non-threatening non-military means. China excels in combining these strategies to secure a foothold in the Red Sea and Gulf of Aden basin.

The Belt and Road Initiative in the Red Sea

China's growing interest in the Red Sea region is not just driven by its growing demand for energy products, but also by its geostrategic and geoeconomic importance. The region is a crucial trade route linking the Mediterranean Sea and the Indian Ocean, ensuring China's seaborne trade to markets in Europe, Africa, and the Middle East. The Belt and Road Initiative (BRI), launched by President Xi Jinping in 2013, guides China's increasing regional presence. China's economic advances in the Red Sea region have significant security implications, as it has converted deep economic penetration into political influence and used commercial facilities for intelligence gathering.

Chinese Maritime Investments in Egypt, Djibouti, and Saudi Arabia

China is focusing on securing access to coastal facilities in the Red Sea, presenting its growing regional presence as non-threatening. State-owned enterprises (SOEs) are playing a crucial role in financing, developing, and operating maritime infrastructures in the Red Sea waterway. China's efforts include developing a large-scale commercial connectivity network in Egypt, Djibouti, and Saudi Arabia.

EGYPT

China has expanded its regional commercial port presence in Egypt, acquiring a 20% stake in the Suez Canal Container Terminal (SCCT) in 2007. The terminal's capacity has increased significantly, making it the only Egyptian transshipment hub capable of servicing Maersk Triple E-class ships. Beijing also focuses on Ain Sokhna, one of Egypt's largest ports on the Red Sea. The Tianjin Economic-Technological Development Area (TEDA) has signed deals with the Egyptian government to develop the China-Egypt TEDA Suez Economic and Trade Cooperation Zone, which houses nearly 100 enterprises in various industries. Despite temporary slowdowns due to pandemic-induced lockdowns, Chinese investments continue to be made in the Suez Canal Economic Zone. Recently, Beijing has made significant strides in consolidating its presence at Ain Sokhna's strategic docks.

Djibouti

China has made significant investments in Djibouti, focusing on the country's maritime logistics sector and enhancing its trade presence. In 2013, China's CMG secured a 23.5 percent stake in Djibouti's state-owned port authority, the Djibouti Ports and Free Zones Authority (DPFZA). The port opened its five berths in May 2017, with construction work contracted to China State

Construction Engineering Corporation (CSCEC) and China Civil Engineering Construction Corporation (CCECC). The DIFTZ, a \$3.5 billion project, aims to upgrade port facilities and offer favorable taxation to companies housed in the free zone. China also played a crucial role in financing the DIFTZ, which is set to become one of Africa's largest free trade zones and generate over 350,000 jobs. In 2020, China and Great Horn Investment Holding inked a \$350 million investment deal for a massive urban redevelopment plan to revamp Djibouti's over 100-year-old port and downtown area. China's influence extends to Djibouti's connectivity, with China being the main financier and builder of key infrastructure projects, allowing Beijing to exert almost 360-degree control over the flow of goods and digital telecommunications transiting the country.

SAUDI ARABIA

Saudi Arabia is gaining attention in China's maritime logistics sector due to its 2,000-kilometer Red Sea coast, maritime transport infrastructure, and industrial fabric. COSCO Shipping Ports purchased a 20% stake in the Red Sea Gateway Terminal (RSGT), which operates the North Container Terminal at the Jeddah Islamic Port (JIP). The terminal has a 5.2 million TEU capacity and plans to increase its capacity to 8.8 million TEUs by 2050. Hutchison Ports and Jubail and Yanbu Industrial Services Company signed an investment agreement for a \$23.4 billion port at the Jazan City for Primary and Downstream Industries (JCPDI), which aims to become a world-class logistics hub.

Chinese Military Presence in the Red Sea

China's economic ambitions and commercial engagement in the Red Sea region have made a naval presence crucial for upholding overseas national interests and projecting military might. In response to attacks by Somali pirates, China established an independent naval escort taskforce (NETF) to protect its regional maritime interests. The People's Liberation Army Navy (PLAN) has been regularly dispatched to patrol the Gulf of Aden's waters since 2008. Since then, the PLAN has sent 131 warships and over 32,000 troops across 42 rotational deployments to the region.

The PLAN's role in the Red Sea and Gulf of Aden basin has evolved beyond its initial deterrent posture to include joint naval drills with friendly countries, port calls to regional partners, and sharpening its naval skills. In 2017, China opened a logistics support base in Djibouti, marking its first and only overseas military and naval installation. The base has a capacity to accommodate high-displacement tonnage warships but faces constraints due to its limited docking potential.

As the Red Sea and Gulf of Aden waters are projected to be one of the main geostrategic and geoeconomic flashpoints of competition among great powers, China is expected to further bolster its profile as a commercial and military heavyweight in this critical saltwater artery. This means having Chinese SOEs acquire shares in dual-use maritime transport infrastructure projects and the PLAN keeping up with NEFT iterations. However, China will likely face growing difficulties in balancing its traditional opaque conduct with its fast-expanding national interests.

<https://gulffif.org/chinas-dual-strategy-in-the-red-sea-balancing-economic-expansion-and-military-presence/>

2.

CHINA IN THE RED SEA: THE DJIBOUTI NAVAL BASE AND THE RETURN OF ADMIRAL ZHENG HE

AUTHOR: DR. GIDEON ELAZAR

BESA CENTER PERSPECTIVES PAPER NO. 567, AUGUST 23, 2017

The Chinese established their first-ever military-naval base outside the Asia-Pacific region, in Djibouti. The establishment of the base is an expression of the "Maritime Silk Road" policy intended to exert Chinese presence in the Indian Ocean and into the Mediterranean. The establishment of the Djibouti base also reflects Beijing's recent celebration of Zheng He, the 15th century admiral, whose voyages in the South China Sea and Indian Ocean have come to symbolize Chinese power and a Chinese-led global order.

<https://besacenter.org/wp-content/uploads/2017/08/567-China-in-the-Red-Sea-Elazarfinal.pdf>

3

THE PLA BEYOND ASIA: CHINA'S GROWING MILITARY PRESENCE IN THE RED SEA REGION

AUTHOR: JOEL WUTHNOW

Jan. 22, 2020

- China has gradually expanded its military footprint in the Red Sea region, an area of critical importance for global maritime commerce and energy production. Key aspects include a People's Liberation Army role in United Nations peacekeeping, anti-piracy patrols, and a new base in Djibouti.

- China’s military presence—its largest outside the Indo-Pacific—supports Beijing’s diplomatic relations in the region, contributes to China’s maritime security interests, and provides useful lessons in building an expeditionary capability.
- U.S. officials need to address operational safety and counterintelligence issues and determine whether China’s presence—which also includes military diplomacy and arms sales— is eroding traditional U.S. advantages as a security partner.
- Opportunities for military cooperation should be explored in areas where U.S. and Chinese interests align, such as disaster management and maritime safety.

<https://inss.ndu.edu/Media/News/Article/2063212/the-pla-beyond-asia-chinas-growing-military-presence-in-the-red-sea-region/>

4

CHINA AND THE RED SEA REGION-RESEARCH PAPER

AUTHOR:SHAUL SHAY

THE INSTITUTE FOR NATIONAL AND INTERNATIONAL SECURITY

As the Red Sea and the Gulf of Aden waters are projected to be one of the main geostrategic and geoeconomic flashpoints of the competition among great powers, China is expected to further bolster its profile as a commercial and military heavyweight in this critical saltwater artery connecting the Mediterranean Sea and the Indian Ocean. China is strategically leveraging its economic and military power to establish a significant presence in the Red Sea region, a critical maritime corridor. Through infrastructure investments, commercial partnerships, and naval deployments, Beijing navigates the delicate balance between economic expansion and military projection while managing the geopolitical implications of its growing influence, (Leonardo Jacopo, 2023). The article is based on my book: The Red Sea Region between War and Reconciliation, Liverpool University Press, 2019.

<http://www.securityscience.edu.rs/index.php/journal-security-science/article/view/117>

5

GREAT POWER RIVALRY IN THE RED SEA: CHINA'S EXPERIMENT IN DJIBOUTI AND IMPLICATIONS FOR THE UNITED STATES

AUTHOR: ZACH VERTIN

JUNE 2020

China's growing presence in Djibouti has sparked debates over Beijing's expanding global aims. In 2017, the People's Liberation Army (PLA) opened its first-ever overseas military base at the mouth of the Red Sea, breaking a long-established policy against basing Chinese troops abroad. The PLA Navy facility overlooks a major strategic chokepoint and a major U.S. military base, just six miles away. The combination of Chinese commercial and strategic expansion has prompted concern in U.S. national security circles and highlighted the Red Sea as a potential theater of great power competition. Djibouti's strategic location and deep-water port complex have drawn not only the American and Chinese militaries but also the French, Japanese, Italians, Spanish, Russia, India, and Saudi Arabia. The asymmetry between the two countries is hard to overstate, and a combination of big-ticket infrastructure projects and major debt obligations has raised concerns about outside Chinese leverage over Djiboutian assets and decision-making.

https://www.brookings.edu/wpcontent/uploads/2020/06/FP_20200615_china_djibouti_vertin.pdf

6

RED SEA RIVALRIES: THE GULF, THE HORN, & THE NEW GEOPOLITICS OF THE RED SEA

AUTHOR: ZACH VERTIN

JUNE 2019

Gulf states are asserting themselves in the Horn of Africa as never before. This unprecedented surge in political, economic, and strategic engagement across the Red Sea is challenging old assumptions and erasing old boundaries. As the United Arab Emirates (UAE), Saudi Arabia, Qatar, and Turkey seek to expand their spheres of influence—including through commercial ports and military outposts on Africa's Red Sea coast—fierce Middle Eastern rivalries are playing out on a larger chessboard.

Interest from great powers has further complicated the changing geopolitical landscape as China's arrival in Djibouti brings the number of foreign militaries in the tiny port nation to five. China, France, Italy, Japan, and the United States are all now stationed at the fulcrum of the Red Sea and the Gulf of Aden. India and Saudi Arabia have also signaled interest in establishing bases in Djibouti, while Russia has flirted with its own strategic presence in the Horn. For the fragile African states on the western shores of the Red Sea, new engagement from outside powers presents both challenges and opportunities. The most tangible manifestation of the so-called "new scramble for Africa" has been the proliferation of seaports and military facilities (or the rights to such perches) on the Red Sea coast. Much has been rumored about these acquisitions, though a holistic picture of the real estate bonanza has been lacking. This research report aims to fill that void. Included herein are facts about each site's development, including stakeholders, contract terms, commercial or military uses, and relevant points of analysis. This report does not represent a comprehensive analysis of changing trans-regional politics, but rather offers a snapshot of the holdings now animating rivalries in the Red Sea.

<https://www.brookings.edu/articles/red-sea-rivalries-the-gulf-the-horn-and-the-new-geopolitics-of-the-red-sea/>

7

CHINA'S IMPACT ON CONFLICT DYNAMICS IN THE RED SEA ARENA

PUBLISHED BY: US INSTITUTE OF PEACE (2020)

REPORT AUTHOR(S): US INSTITUTE OF RESEARCH

China's economic engagement in the Red Sea region has expanded rapidly since the early 2000s, surpassing the United States in 2009 and becoming the continent's largest trading partner. China's Belt and Road Initiative (BRI) has been the primary organizing vehicle for Beijing's economic engagement in the region, with numerous projects signed and pledged to be part of the initiative. China has also invested heavily in its public diplomacy efforts, providing funding for African and Middle Eastern officials, military officers, students, and journalists to study and train in China. The number of students studying in China has increased at a remarkable rate, with over eighty thousand students studying at Chinese institutions of higher education in 2018.

China continues to emphasize its common identity with African states as

a "developing country" and its efforts to boost "South-South cooperation." In this region and others, Beijing has tried to pitch itself as a "new type of major power," prioritizing the "principle of noninterference" as a key tenet of its foreign policy. Certain Chinese practices challenge this notion, such as China's pursuit of economic projects that often lack conditions demanding transparency, accountability, and governance reform. China has also offered to mediate regional disputes, but has more often played a supporting role than a principal role. In the Red Sea arena, China's attempts to influence its neighbors' policy choices have generated deep skepticism of its intentions and undercut much of its public messaging. In contrast, states in the Red Sea arena tend to have more positive views of China, with officials and experts in the Horn of Africa appreciating the fact that Beijing sees their region as a land of business opportunities. China's presence in Djibouti has raised concerns about operational safety, counterintelligence, and China's growing power projection capabilities. The PLA has maintained a mechanized company of PLA marines on the base, and a multiuse naval pier at the Doraleh Multi-Purpose Port. China has also shown increased interest in military exchanges and joint exercises in the region, including capacity building through training programs. However, China has shown no interest in serving as the region's principal security provider or adopting the US role as the premier military power. The US has ten thousand troops stationed in Qatar, the United Arab Emirates, Somalia, Oman, Bahrain, and Saudi Arabia. China continues to rely heavily on the US Navy to secure SLOCs in the region.

<https://www.usip.org/publications/2020/04/chinas-impact-conflict-dynamics-red-sea-arena>

8

THE RED SEA COMPETITION ARENA: ANATOMY OF CHINESE STRATEGIC
ENGAGEMENT WITH DJIBOUTI
AUTHOR: FEDERICO DONELLI
2023-01-01

Since the outbreak of the COVID-19 pandemic crisis, the Chinese approach to African countries has changed. Beijing is gradually shifting from the investment model to a local development approach based on an emphasis on win-win partnerships within the Belt and Road Initiative's framework. The expansion of China's economic influence has been followed by a growing interest in African

political and security issues. As a result, China has increased its strategic projection. Drawing on the Djibouti case study, this research intends to grasp the more recent developments in the security interactions and political and economic engagement that tie China to the small African country. Specifically, the article investigates Djibouti's role in China's international strategy. It aims to analyse the motivations, tools, and aims of the Chinese strategic engagement with Djibouti. The rationale of the article is that the consolidation, including military, of the Chinese footprint in Djibouti makes the small African country and the entire Red Sea region a potential testing ground for examining some of the dynamics of balance and rivalry between China and the United States.

https://www.researchgate.net/publication/375825072_The_Red_Sea_Competition_Arena_Anatomy_of_Chinese_Strategic_Engagement_with_Djibouti

9

THE POLITICAL ECONOMY OF CHINA'S FOREIGN POLICY IN THE MENA REGION

AUTHORS:

- FARHAD DANESHNIA
- MAHTAB SOHRABI MANESH
- MASOUD AZIZI

The strategic position of the Middle East and North Africa region in connection with the three Mediterranean seas, the Red Sea and the Persian Gulf, together with the presence of rich hydrocarbon reserves, the consumption market and the capacity to attract profitable investments in its infrastructure, has directed the attention of emerging powers specially China to the mentioned region. China's political economy is encountered with the large capacity of surplus capital and the need to export it, the accumulation of industrial production, the need to access consumption markets and energy sources. On the other hand, following the accumulation of economic power, China seeks to develop political-ideational influence in different regions and in the context of global power competition. The result of this important approach is the development and stabilization of China's power in the structures of the global political economy in general and in the MENA region in particular as the main agenda of the political economy of this country's foreign policy. In the current research, the question is addressed that what is the position of Mena in China's political economy and how is this country's approach to the mentioned region. The research hypothesis is designed based on the political economy approach in such a way that China's orientation towards the MENA region is a

manifestation of this country's three lateral economic, political and cultural approach to power in the global political economy. The present research tries to go beyond the existing reductionist analyzes about China's interactions in the MENA region.

<https://www.jstor.org/stable/42704564>

10

WHERE IS CHINA IN THE RED SEA CRISIS?

AUTHOR: CARLA BABB

MARCH 01, 2024

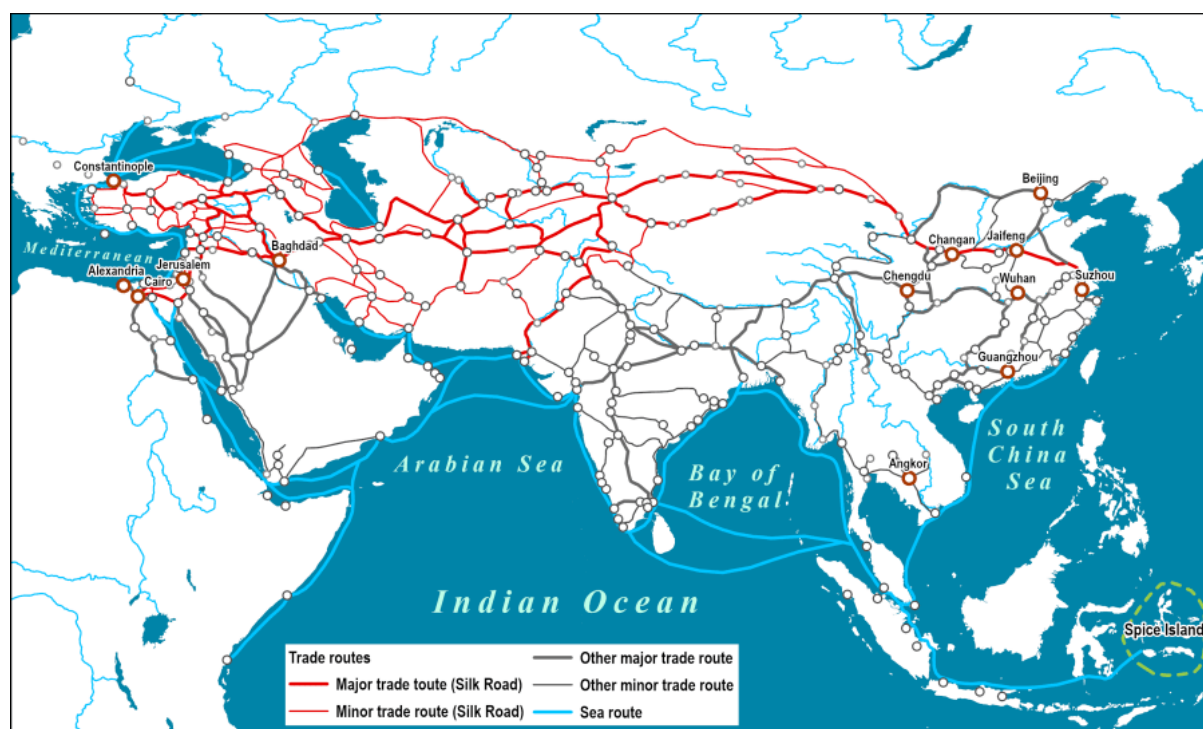
A coalition comprising the United States and the United Kingdom has been striving to safeguard the crucial canal in the Red Sea as Houthi terrorists in Yemen, who are backed by Iran, keep attacking international maritime lanes. The U.S. claims that there are currently between four and eight coalition ships in the Red Sea on any given day to help safeguard international vessels. Since mid-November, Houthi drones or missiles have damaged about fifteen commercial ships. Since mid-January, the United States and British forces have conducted four joint operations against the Houthis last week. In addition, the U.S. has executed almost daily strikes to destroy inbound Houthi missiles, drones, and weaponry that were ready to fire. China does not belong to the coalition. According to China's Xinhua News Agency, China has escorted some Chinese ships through the Red Sea and is currently dispatching a naval fleet to the Gulf of Aden. The missile frigate Xuchang, the guided-missile destroyer Jiaozuo, and the comprehensive replenishment vessel Honghu comprise the fleet. It's unknown if the armada has reached the Red Sea region and what it plans to do when it does. Senior Foreign Policy researcher Michael O'Hanlon of the Brookings Institution cautions that China's assistance would not always be selfless and might be directed toward defending its own ships against Houthi threats while spying on the United States and other key partners. Since the start of the Houthi strikes, China has been among the worst affected countries.

CHAPTER 3
CHINA'S ECONOMIC INTERESTS & INVESTMENTS IN THE
RED SEA REGION

3.1 TRADE ROUTES OF CHINA IN THE RED SEA

China's trade routes in the Red Sea region have historically been significant due to the country's economic interests and its need for access to key resources. These trade routes have evolved over centuries and have been influenced by geopolitical shifts, technological advancements, and economic developments.

1. MARITIME SILK ROAD



3.SOURCE: <https://transportgeography.org/contents/chapter1/emergence-of-mechanized-transportation-systems/silk-road-arab-sea-routes-12th-century/>

China's Maritime Silk Road (MSR) is an integral part of Xi Jinping's Belt and Road Initiative (BRI). The Suez Canal, Red Sea, and Gulf of Aden are essential to the success of the MSR and, consequently, to the BRI. This largely explains why China located its first and, so far, only foreign military base at Djibouti near the narrow Bab el-Mandeb passageway between the Gulf of Aden and the Red Sea, has invested so much in port and warehouse construction, and stepped up its economic and political engagement in countries on both sides of the Red Sea/Gulf of Aden. But increased engagement leads to higher expectations by African and Arab governments, greater leverage and exposure for China, and complications for other great powers in the Red Sea region. China is

treading carefully as it accommodates this evolving situation while trying to minimize new security responsibilities. China has revitalized its ancient Silk Road trading routes through the Belt and Road Initiative (BRI), also known as the "One Belt, One Road" initiative. The BRI aims to enhance connectivity and cooperation between China and countries in Asia, Africa, and Europe.

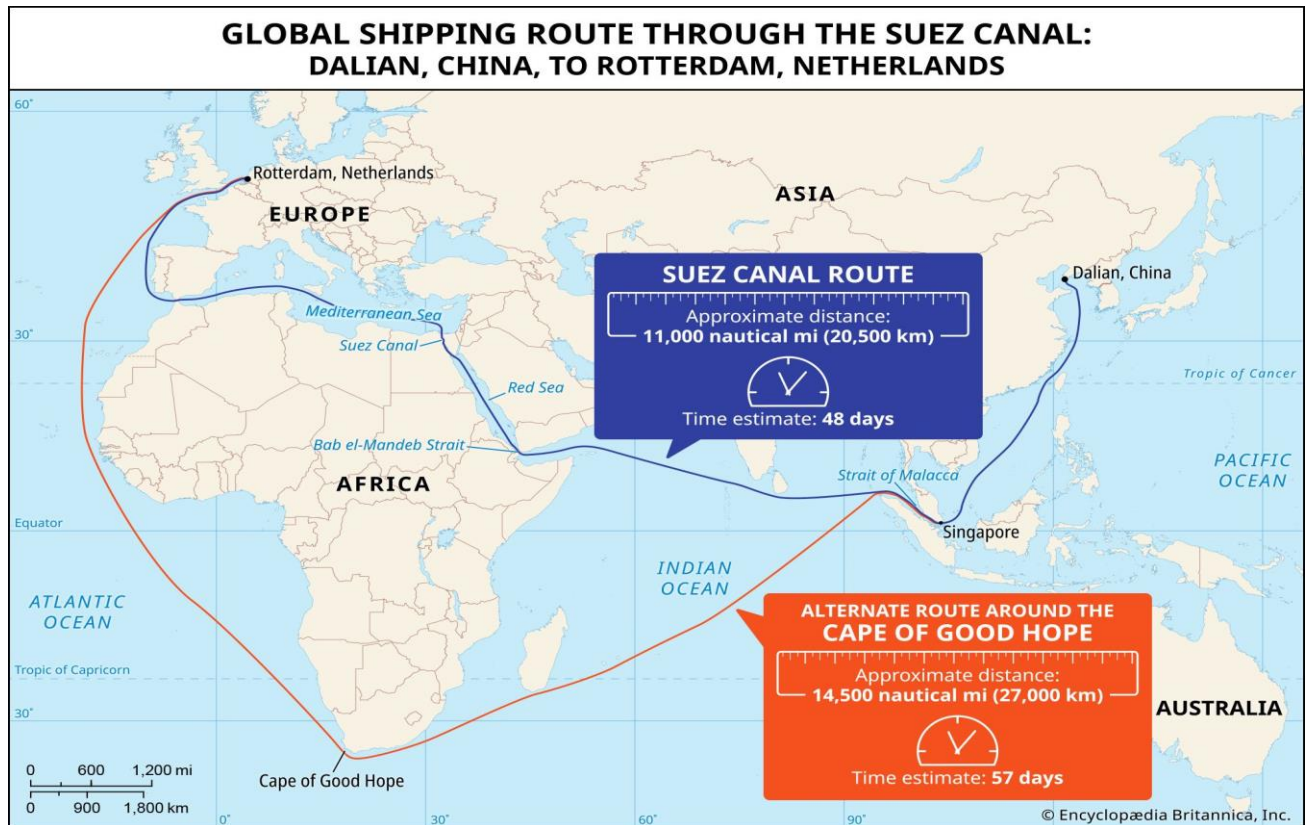
REVIVING THE MSR

China has proposed to revive the centuries-old 'Silk Road of the Sea' into a 21st century Maritime Silk Road. The curiosity all around is how this could be used as a means of diplomacy, helping Chinese leaders to meet their idea of 'national revival'. This proposal has attracted enormous interest among policy makers and scholars. One important aspect of China's grand strategy is 'strategic access'. China is going out in search of natural resources and developing overland transport networks in pursuit of its national interest. As part of its strategy, China is developing roads, railways, ports, and energy corridors through its western region, across South Asia and beyond. The idea of reviving the MSR manifests Chinese innovative approach and its grand strategy. The idea to revive the Silk Road of the Sea can be an instrument of Chinese 'grand strategy'. Grand strategy denotes "a country's broadest approach to the pursuit of its national objectives in the international system".

21ST CENTURY MARITIME SILK ROAD

China is experiencing a "Deng Xiaoping Moment 2.0". The new Chinese leaders seem fairly optimistic in their efforts to reshape the country's global posture in a bold and creative way. One key element of this is to build an economic system with upgraded opening-up and external cooperation. Undoubtedly, the proposal of reviving the MSR demonstrates this innovative approach. Figure 4 gives a glimpse of proposed Silk Road. According to this Figure, the MSR will begin in Fujian province, and will pass by Guangdong, Guangxi, and Hainan before heading south to the Malacca Strait. From Kuala Lumpur, the MSR heads to Kolkata, then crosses the rest of the Indian Ocean to Nairobi. From Nairobi, it goes north around the Horn of Africa and moves through the Red Sea into the Mediterranean, with a stop in Athens before meeting the land-based Silk Road in Venice. Indeed, the success of the MSR initiative will be very consequential to regional stability and global peace. Today, China is in the process of remaking history at sea, and some scholars see it as 'China's maritime renaissance'. Indeed, "A 'Great Leap Outward' onto the world's ocean is visible in China's growing merchant marine; rise in the global shipbuilding market; increasing reach in building and managing off-shore ports and port facilities; and efforts to develop a modern 'blue-water' navy".

SUEZ CANAL TRADE ROUTE



4.SOURCE: <https://images.app.goo.gl/C6keMZwcAApKTcy9A>

The Suez Canal stands as a critical artery of global trade, exerting significant impacts on China's activities and interests in the Red Sea region. Stretching over 120 miles across Egypt, this man-made waterway serves as a vital shortcut for maritime traffic between Asia and Europe, effectively linking the Mediterranean Sea with the Red Sea. For China, a nation deeply entrenched in global commerce as one of the world's largest trading powers, the Suez Canal plays an indispensable role in facilitating the flow of its goods to and from key markets in Europe, the Middle East, and Africa.

China's economic prowess and its reliance on international trade underscore the paramount importance of the Suez Canal in its strategic calculus. With vast quantities of goods traversing this waterway each year, any disruption to its operations could have profound ramifications for China's supply chains, affecting the timeliness and cost-effectiveness of its imports and exports. Consequently, China has a vested interest in ensuring the smooth functioning and security of the Suez Canal, as disruptions could potentially disrupt its economic growth and stability.

Beyond its role in facilitating trade, the Suez Canal holds immense significance for China's energy security. As the world's largest importer of crude oil, China depends heavily on oil shipments from the Middle East, many of which transit through the Red Sea and the Suez Canal en route to Chinese ports. Any disruptions or blockages in this crucial maritime route could lead to delays in the delivery of vital energy resources to China, potentially destabilizing its economy and threatening its energy security. Thus, safeguarding the uninterrupted flow of oil through the Suez Canal is of paramount importance for China's energy resilience and economic well-being.

China's economic interests in the Red Sea region extend beyond maritime trade and energy security. In recent years, China has significantly expanded its presence in the region through infrastructure investments and development projects. The Belt and Road Initiative (BRI), China's ambitious global infrastructure development strategy, has seen substantial investments in port facilities, transportation networks, and industrial zones along the Red Sea coast. These investments aim to enhance China's connectivity with markets in Africa, the Middle East, and Europe, while also creating new opportunities for Chinese businesses to expand their operations and influence in the region.

Egypt, the country through which the Suez Canal flows, has emerged as a key partner in China's BRI initiative. Chinese companies have been involved in the construction of major infrastructure projects in Egypt, including the expansion and modernization of the Suez Canal itself. Additionally, China has invested in the development of economic zones and industrial parks in Egypt's Suez Canal Economic Zone (SCZone), further cementing its economic ties with the country.

3.2 CHINESE INVESTMENT IN INFRASTRUCTURE PROJECTS IN THE RED SEA

Chinese investments in infrastructure projects in the Red Sea region have been substantial and diverse, reflecting China's broader economic interests and its Belt and Road Initiative (BRI). Here are some examples of Chinese investments in infrastructure projects in the Red Sea region:

1. **PORT DEVELOPMENT:** China has been involved in the development and operation of several ports in the Red Sea region. For example, Chinese companies have invested in the construction and

management of ports in Djibouti, Egypt, and Sudan. These investments aim to enhance maritime connectivity and facilitate trade between China and countries in the region.

2. **RAILWAY PROJECTS:** China has financed and constructed railway projects in the Red Sea region to improve transportation infrastructure. One prominent example is the Ethiopia-Djibouti Railway, which was built with Chinese assistance and connects landlocked Ethiopia to the port of Djibouti, providing a crucial trade link for the region.

3. **ROAD CONSTRUCTION:** Chinese companies have been involved in the construction of highways and roads in countries bordering the Red Sea. These infrastructure projects help improve connectivity and promote economic development in the region.

4. **TELECOMMUNICATIONS:** China has invested in telecommunications infrastructure in the Red Sea region, including the development of fiber optic networks and mobile communication systems. These investments contribute to the modernization of telecommunications infrastructure and support economic growth in the region.

5. **ENERGY INFRASTRUCTURE:** China has financed and constructed energy infrastructure projects in the Red Sea region, such as power plants and transmission lines. These investments help address the region's energy needs and contribute to the development of the energy sector.

6. **INDUSTRIAL ZONES:** Chinese companies have been involved in the development of industrial zones and economic parks in the Red Sea region. These zones aim to attract foreign investment, promote industrialization, and create employment opportunities.

7. **LOGISTICS AND TRADE FACILITATION:** China has supported the development of logistics infrastructure, including inland ports and customs facilities, to facilitate trade along the Red Sea corridor. These investments help streamline trade processes and reduce transportation costs.

8. TOURISM INFRASTRUCTURE: China has shown interest in investing in tourism infrastructure projects in the Red Sea region, such as hotels, resorts, and recreational facilities. These investments aim to promote tourism development and boost economic growth in coastal areas.

- Chinese investments in infrastructure projects play a significant role in promoting economic development, enhancing connectivity, and strengthening China's economic presence in the Red Sea region. However, they also raise concerns about debt sustainability, environmental impact, and local economic benefits, which require careful management and oversight.
- China has become an increasingly important source of foreign direct investment (FDI) in the Red Sea region, in most countries it lags well behind more traditional investors. China's FDI flows to Saudi Arabia added up to almost \$2.2 billion from 2009 through 2019. This is, however, a small percentage of Saudi Arabia's cumulative FDI stock of \$236 billion as of 2019. China has become Ethiopia's largest source of FDI flows, totaling \$1.8 billion from 1997 through 2016. China is investing more in Egypt, but in 2018/2019 did not rank among the top six investing countries. As of 2018, China held less than 3% of Israel's FDI stock, about the same as Canada, compared to more than 20% for the United States. Sudan is China's second largest recipient of FDI in Africa after South Africa; Chinese companies invested at least \$7.6 billion in the oil sector alone.

From the standpoint of China's security interests and power projection along the MSR, almost all of China's FDI in support of infrastructure projects has gone to port development and trade-related storage facilities. In 2021, China's COSCO Shipping Ports Limited signed agreements with Saudi Arabia's Red Sea Gateway Terminal for a 20% equity investment in the Jeddah Islamic Port. The following month, Hong Kong's Hutchison Ports signed an investment and operational agreement for Jizan's Red Sea container and general cargo terminals. China Merchant Port Holdings has a 23.5% stake in the port management company of Djibouti's Doraleh Container Terminal and won the concession to manage the port. During the 1990s, the China Harbor Engineering Company (CHEC) completed one of its first African port projects in Port Sudan where it also obtained an equity investment.

- Egypt represents a major concentration of Chinese port and storage financing, construction, and investment. COSCO has a 20% stake in the Suez Canal Container Company located on the Mediterranean end of the Suez Canal.[18] Hutchison Ports operates Egypt's two main commercial ports at Alexandria and El-Dekheila. CHEC completed the \$219 million quay at the northern end of the Suez Canal and \$1 billion quay at the southern end followed by construction of a \$416 million cargo terminal. Hutchison Ports is establishing a container terminal able to handle one million containers annually at Abu Qir near Alexandria. CHEC built a \$520 million terminal basin in Sokhna Port south of the Suez Canal. China has become the biggest investor in the Suez Canal Area Development Project. China's Tianjin Economic-Technological Development Area Group established a joint Suez-Economic and Trade Cooperation Zone in the Ain Sokhna district. COSCO then agreed to build a bonded logistics park in the zone to serve the BRI as a major logistics service provider.
- Israel sought financing to connect the Red Sea with the Mediterranean using a railway between Eilat, a port on the Gulf of qaba, and Ashdod on the Mediterranean. China saw this project as an alternative for securing its shipping access between the two bodies of water in the event of a Suez Canal closure and initially suggested it would provide financing. The project has not materialized because of its high cost and U.S. concerns it would result in too close a security connection between Tel Aviv and Beijing. However, Chinese companies recently obtained a 25-year management and upgrade contract for Haifa port and won 5G telecommunications infrastructure projects in Israel. These China-Israel ties have caused increasing tension with Washington.

China has earned much of its leverage in the region, especially on the African side of the Red Sea/Gulf of Aden, by becoming the leading financier and builder of infrastructure projects such as dams, roads, railways, and IT networks, including the 7,500-mile-long undersea Peace cable from Pakistan to France that snakes the length of the Red Sea. Huawei is making the equipment and is a major shareholder in Hengton Optic-Electric Company, which is constructing the cable. But it has been the financing, building, equity investment, and management of ports in the region that give China a security advantage *vis-à-vis* other major powers. The focus on ports, especially equity investments, is not coincidental and goes beyond a profit motive for Chinese companies. It also has the goal of protecting Chinese shipping and the longer-term objective of opening the door to dual use possibilities for extending the reach of the PLAN.

3.3 ENERGY SECURITY CONCERNS AND RESOURCE ACQUISITION

China's energy security concerns and resource acquisition strategies in the Red Sea region are shaped by its growing dependence on imported energy resources to fuel its rapid economic growth and development. With limited domestic energy reserves, China relies heavily on imports, particularly of oil and natural gas, to meet its energy needs. The Red Sea region, home to some of the world's largest oil-producing countries and key maritime trade routes, holds significant importance for China's energy security and resource acquisition efforts.

One of China's primary energy security concerns in the Red Sea region revolves around ensuring the uninterrupted flow of oil shipments through critical maritime chokepoints, such as the Bab el-Mandeb Strait and the Suez Canal. These waterways serve as vital transit routes for oil tankers traveling from the Persian Gulf to China, carrying a substantial portion of China's imported oil. Any disruptions to these shipping lanes, whether due to geopolitical tensions, piracy, or maritime accidents, could have severe consequences for China's energy supply chain, leading to potential shortages and price spikes in the global oil market.

To mitigate these risks and enhance its energy security, China has adopted a multi-faceted approach that includes diversifying its energy sources, investing in strategic infrastructure projects, and forging diplomatic and economic partnerships with countries in the Red Sea region. One key component of China's strategy is to secure long-term oil supply contracts and investment opportunities in oil-producing countries along the Red Sea coast, such as Saudi Arabia, Sudan, and Egypt. China's state-owned oil companies, including China National Petroleum Corporation (CNPC) and China Petroleum & Chemical Corporation (Sinopec), have made significant investments in oil exploration, production, and infrastructure development in the Red Sea region. For example, CNPC has partnered with Sudanese authorities to develop oil fields in Sudan's Red Sea state, while Sinopec has invested in refining and petrochemical projects in Egypt's Suez Canal Economic Zone. In addition to oil, China is also interested in tapping into the Red Sea region's natural gas reserves, which are becoming increasingly important as a cleaner alternative to coal for power generation. Countries such as Egypt and Israel have discovered significant offshore natural gas fields in the Eastern Mediterranean, which could potentially be exported to China via liquefied natural gas (LNG) tankers traversing the Red Sea.

To facilitate the transport of energy resources from the Red Sea region to China, China has invested in the development of port infrastructure, oil and gas pipelines, and LNG terminals along the Red Sea coast. For example, China has supported the construction of oil and gas pipelines in Sudan and South Sudan, providing alternative routes for transporting oil from landlocked African countries to the Red Sea coast for export to international markets, including China.

China has sought to deepen its economic and diplomatic ties with Red Sea littoral states through initiatives such as the Belt and Road Initiative (BRI). Through the BRI, China offers financial assistance, infrastructure investment, and technical expertise to countries in the Red Sea region, in exchange for access to their natural resources and markets. By promoting connectivity and economic development in the region, China aims to secure its energy interests, strengthen its geopolitical influence, and foster long-term stability and cooperation along the Red Sea corridor.

China's expanding footprint in the Red Sea region has also raised concerns among some countries and international observers about its potential to exacerbate geopolitical tensions, fuel regional conflicts, and undermine environmental sustainability. Critics argue that China's investments in extractive industries and infrastructure projects may exacerbate social inequality, environmental degradation, and political instability in host countries, leading to potential backlash and resistance from local communities and civil society groups.

- ❖ China's energy security concerns and resource acquisition strategies in the Red Sea region are driven by its growing demand for imported energy resources, particularly oil and natural gas, to sustain its economic growth and development. Through investments in oil and gas exploration, infrastructure development, and diplomatic engagement, China seeks to secure access to the region's energy reserves, diversify its energy sources, and strengthen its geopolitical influence along the Red Sea corridor. However, China's expanding presence in the region also poses risks and challenges, including geopolitical competition, environmental degradation, and social unrest, which will require careful management and cooperation with host countries and international stakeholders to address effectively.

CHAPTER 4
MILITARY & SECURITY DYNAMICS IN RED SEA REGION

4.1 ESTABLISHMENT OF MILITARY BASES AND FACILITIES IN THE RED SEA REGION BY CHINA:



5.SOURCE- <https://images.app.goo.gl/emmhnnMcPtf2Wvcw9>

China's establishment of military bases and facilities in the Red Sea region reflects its expanding strategic interests and growing assertiveness in global affairs. In recent years, China has significantly increased its presence in the Red Sea region, particularly through the development of military installations and logistical facilities. These bases serve multiple purposes, including safeguarding China's maritime trade routes, protecting its overseas investments and citizens, and projecting power in strategically important regions. Djibouti, in particular, has emerged as a focal point for China's military activities in the Red Sea, with the establishment of its first overseas military base in the country. This base, located near the Bab el-Mandeb Strait, provides China with a strategic foothold in the region, allowing it to monitor and protect vital shipping lanes connecting the Indian Ocean with the Mediterranean Sea. Additionally, China has invested in port infrastructure and naval facilities in other Red Sea countries, such as Sudan and Egypt, further enhancing its military capabilities and influence in the region. While China portrays its military presence as being primarily focused on peacekeeping, humanitarian assistance, and anti-piracy operations, the rapid expansion of

its military footprint in the Red Sea has raised concerns among some countries about its long-term intentions and potential implications for regional security dynamics.

- China has gradually expanded its military footprint in the Red Sea region, an area of critical importance for global maritime commerce and energy production. Key aspects include a People's Liberation Army role in United Nations peacekeeping, anti-piracy patrols, and a new base in Djibouti.
- China maintains the strongest military presence outside of the Indo-Pacific, which helps Beijing's diplomatic efforts in the area, advances China's interests in maritime security, and offers important insights toward developing an expeditionary force.
- U.S. officials need to address operational safety and counterintelligence issues and determine whether China's presence which also includes military diplomacy and arms sales is eroding traditional U.S. advantages as a security partner.
- Opportunities for military cooperation should be explored in areas where U.S. and Chinese interests align, such as disaster management and maritime safety.

4.2 NAVAL OPERATIONS AND COUNTER-PIRACY EFFORTS IN THE RED SEA REGION BY CHINA

China's naval operations and counter-piracy efforts in the Red Sea region play a significant role in safeguarding its maritime interests and promoting international security and stability. With the rise of piracy threats in the waters off the coast of Somalia and the Gulf of Aden in the early 21st century, China became increasingly concerned about the safety of its shipping lanes and the security of its vessels traversing these waters. In response, China deployed naval task forces to participate in multinational anti-piracy patrols, such as the Combined Task Force 151 and the European Union Naval Force Somalia (Operation Atalanta). These efforts have contributed to the suppression of piracy activities in the region and the protection of commercial shipping routes, benefiting not only China but also the broader international community. Furthermore, China's naval presence in the Red Sea region enables it to conduct search and rescue operations, humanitarian assistance missions, and evacuation operations in times of crisis or natural disasters, showcasing its growing role as a responsible stakeholder in global maritime affairs. However, China's naval activities in the Red Sea have also raised concerns among some countries about its expanding military capabilities and

influence in strategically sensitive regions, leading to calls for greater transparency and cooperation among naval powers to address common security challenges and build mutual trust.

4.3 SECURITY IMPLICATIONS FOR REGIONAL STABILITY IN THE RED SEA REGION BY CHINA

China's increasing military presence and activities in the Red Sea region have significant security implications for regional stability and the balance of power in the broader Middle East and Africa. While China emphasizes its commitment to peacekeeping, humanitarian assistance, and economic development in the region, its growing military footprint raises concerns among some countries about its long-term intentions and potential to alter existing security dynamics. The establishment of Chinese military bases and facilities, such as the one in Djibouti, has led to speculation about China's strategic ambitions and its desire to project power beyond its immediate sphere of influence. This has prompted neighboring countries and global powers to closely monitor China's activities in the region and to assess the potential risks and opportunities associated with its expanding presence. Additionally, China's naval operations and counter-piracy efforts in the Red Sea have implications for regional security cooperation and coordination among naval powers. While China's participation in multinational patrols has contributed to the suppression of piracy activities and the protection of maritime trade routes, it has also raised questions about its role and responsibilities as a rising maritime power and its adherence to international norms and regulations. Overall, China's security posture in the Red Sea region is likely to continue evolving in response to changing geopolitical dynamics and economic imperatives, shaping the future trajectory of regional stability and cooperation.

4.4 CHINA'S RESPONSE TO THE RED SEA CRISIS

China traditionally follows a policy of non-interference in other sovereign states' internal affairs and advocates for peaceful and diplomatic solutions to conflicts. According to its cautious and pragmatic approach to Middle East foreign policy, Beijing seeks to protect its economic interests while maintaining neutrality and avoiding potential risks to its broader diplomatic goals. Regarding the Houthi attacks in the Red Sea, China's response has typically been cautious and restrained. Over the last two years, China has supported United Nations Security Council resolutions that classify and condemn the Houthis as a terrorist group. However, there has been no formal Chinese condemnation

of Houthi attacks within the last three months. Chinese authorities have refrained from mentioning the term “Houthis,” even in the context of an attack on a Chinese vessel.

The terrorist attacks by Yemen’s Houthi rebels (officially known as Ansar Allah), specifically in the Red Sea and the Bab-el-Mandeb Strait, threaten Chinese ships and have a harmful impact on Chinese companies’ commercial interests. The People’s Liberation Army Navy (PLAN) has abstained from participating in the U.S.-initiated task force (Operation Prosperity Guardian) to safeguard navigation in the region, and its warships have not heeded distress calls from attacked vessels.



6. Source: <https://images.app.goo.gl/MqzEMgpZzfeqzLAX6>

CHAPTER 5
DIPLOMATIC AND GEOPOLITICAL STRATEGIES OF CHINA IN
THE RED SEA

5.1 DIPLOMATIC ENGAGEMENT OF CHINA REGARDING THE RED SEA

China's diplomatic engagement in the Red Sea region is characterized by active bilateral relations and strategic soft power initiatives. Through diplomatic efforts, China seeks to strengthen economic ties, promote cultural exchanges, and enhance political dialogue with countries in the region. Economic cooperation, investment in infrastructure projects, and cultural exchanges are central to China's diplomatic strategy, aimed at fostering mutual understanding, friendship, and cooperation. Additionally, China leverages its soft power through media outreach, economic aid, and development projects to bolster its influence and presence in the Red Sea region. Overall, China's diplomatic engagement underscores its commitment to building partnerships and promoting stability and prosperity in the region.

A) BILATERAL RELATIONS OF CHINA

DJIBOUTI

China has heavily invested in port infrastructure in Djibouti, particularly the **Doraleh Multipurpose Port**. This port serves as a crucial hub for Chinese imports and exports in the region. China's involvement includes financing, construction, and management of port facilities. The Doraleh Multipurpose Port (DMP) is the core of the extensive investment in Djibouti by China Merchants Group (CMG). At the confluence of the Red Sea and the Indian Ocean, the port links to both the Addis Ababa–Djibouti Railway—the largest Chinese-financed infrastructure project in East Africa—and a new international free-trade zone established by a consortium of Chinese investors headed by CMG. CMG's investment in the DMP is the foundation of its broader strategy to transform Djibouti into an international trade hub. The Doraleh Multipurpose Port (DMP) is developed by Port de Djibouti S.A. (PDSA), which since December 2012 is 66.5% owned by Djibouti Ports and Free Zones Authority (DPFZA) and 23.5% owned by China Merchants Port Holdings Company Limited (CMPort, formerly known as China Merchants International Holding, a subsidiary of CMG).



7.Source: <https://images.app.goo.gl/TD6gsckBCzbgp2AE8>



8.Doraleh Multipurpose Port, Source- <https://images.app.goo.gl/rSi9k74cQiGSnCBV7>

China has been actively involved in the development of transportation networks in Djibouti, leveraging its strategic location on the Red Sea and its importance as a gateway to Africa. China has played a significant role in the construction of railways in Djibouti. One of the notable projects is the Ethiopia-Djibouti Railway, also known as the Addis Ababa-Djibouti Railway. This railway, which began operations in 2018, connects landlocked Ethiopia to the Port of Djibouti, providing a vital transportation link for both countries. Chinese companies were involved in the construction and financing of this railway project.

China has contributed to the development of road infrastructure in Djibouti. Chinese companies have been involved in the construction of highways and roads, improving connectivity within Djibouti and facilitating transportation of goods and people.

Chinese investments in Djibouti often include the development of logistics and trade facilities. This infrastructure supports transportation networks by providing storage, handling, and distribution facilities for goods passing through Djibouti's ports and transportation corridors.

As of the last update in January 2022, specific trade agreements between China and Djibouti regarding the Red Sea region have not been extensively documented in publicly available sources. It's important to note that China and Djibouti have engaged in various agreements and partnerships that may indirectly impact trade relations in the Red Sea area. Some of these agreements and initiatives include:

Bilateral Economic Cooperation Agreements: China and Djibouti have likely signed bilateral agreements aimed at promoting economic cooperation and trade. These agreements may cover areas such as investment promotion, trade facilitation, and economic development initiatives.

Belt and Road Initiative (BRI): Djibouti is a key partner in China's Belt and Road Initiative (BRI), a massive infrastructure and economic development project aimed at enhancing connectivity between Asia, Africa, and Europe. While not a trade agreement in the traditional sense, BRI projects in Djibouti, including port development and transportation infrastructure, contribute to trade facilitation and economic integration in the Red Sea region.

Free Trade Zones and Special Economic Zones: China and Djibouti may have established or planned free trade zones (FTZs) or special economic zones (SEZs) to promote trade and investment. These zones offer incentives for businesses to operate and trade, potentially stimulating economic activity in the Red Sea area.

Maritime Cooperation: Given Djibouti's strategic location on the Red Sea, China and Djibouti may have agreements or partnerships related to maritime cooperation. This could include agreements on port operations, maritime security, and shipping logistics, which indirectly impact trade relations in the region.

Multilateral Agreements: China and Djibouti may also participate in multilateral agreements or initiatives related to trade and economic cooperation in the Red Sea region. These could involve regional organizations such as the African Union or international forums focusing on trade facilitation and economic development.

- While specific details of trade agreements between China and Djibouti regarding the Red Sea may not be widely publicized, it is evident that both countries have a mutual interest in enhancing trade and economic cooperation in the region. Their collaboration spans various sectors, including infrastructure development, investment promotion, and logistics, contributing to broader efforts to foster regional connectivity and economic growth.

SUDAN



9. Source: <https://images.app.goo.gl/2htgqwjHe6491QPw5>

China and Sudan have maintained significant trade relations, although the Red Sea specifically might not be the focal point of their trade. Sudan's geographical location along the Red Sea does make it a potentially strategic partner for China in terms of trade and investment, particularly as China seeks to expand its economic influence across Africa and along key maritime routes.

Oil and Energy: Sudan possesses significant oil resources, and China has been a major investor in Sudan's oil sector. Chinese companies have been involved in oil exploration, production, and infrastructure development in Sudan. While the transportation of oil primarily occurs via pipelines and other land-based routes, the Red Sea could be a potential route for oil exports from Sudan to international markets.

Infrastructure Development: China has been involved in various infrastructure projects in Sudan, including roads, railways, and telecommunications networks. While these projects may not directly

involve the Red Sea, they contribute to improving Sudan's connectivity and transportation networks, which indirectly impacts trade facilitation in the region.

Port Development: While Sudan's primary port is Port Sudan on the Red Sea, specific Chinese investments in Port Sudan or other port infrastructure along the Red Sea have not been extensively documented. However, improvements in port facilities and logistics could enhance trade between China and Sudan, including potential maritime trade along the Red Sea.

Trade Agreements: China and Sudan have likely signed trade agreements to facilitate bilateral trade and investment. These agreements may cover various sectors, including agriculture, manufacturing, and technology, with the potential to impact trade routes and logistics in the Red Sea region.

Strategic Partnerships: China and Sudan have cultivated strategic partnerships beyond trade, including diplomatic and security cooperation. While not directly related to trade in the Red Sea, these partnerships could influence the broader geopolitical landscape in the region, potentially impacting trade flows and economic dynamics.

while China and Sudan maintain trade relations that could indirectly involve the Red Sea region, specific trade activities focused solely on the Red Sea might not be extensively documented. However, Sudan's strategic location along the Red Sea undoubtedly factors into China's broader economic and geopolitical interests in Africa and along maritime trade routes.

B) CHINA'S STRATEGIC POSITIONING IN THE RED SEA REGION

The Red Sea, a maritime crossroads echoing with whispers of history, has become a pivotal stage for China's grand strategic play. The driving force behind China's presence is its ambitious "Belt and Road Initiative" (BRI) and its maritime component, the Maritime Silk Road (MSR). This initiative envisions the Red Sea as a crucial artery, facilitating trade, securing resource access, and unlocking lucrative African markets. Investments in ports, infrastructure, and logistics aim to streamline trade flows, solidifying China's economic footprint in the region.

China's multifaceted strategy goes beyond infrastructure development. Strategic partnerships with key players like Egypt, Saudi Arabia, and Ethiopia are cultivated through investments in sectors like energy, transport, and construction. These partnerships, symbolized by the Djibouti military base, showcase China's commitment to securing its trade routes and fostering political influence.

Despite the economic allure, China's rising presence raises eyebrows amongst regional and global powers. Transparency concerns linger, fueled by opaque investment models and limited information sharing. Anxieties about long-term intentions abound, questioning China's motives and potential competition for resources. Regional stability is further threatened by ongoing conflicts, piracy, and fragile state structures, posing significant security challenges.

To ensure the sustainability of its strategic positioning, China must navigate this labyrinth of opportunities and challenges judiciously. Multilateral cooperation is crucial, engaging in initiatives like the Combined Maritime Forces (CMF) to combat piracy and build trust. Open communication and transparency are paramount, shedding light on investments and intentions to alleviate concerns. Striking a balance between economic ambition and regional stability is vital, emphasizing responsible stakeholder behavior and prioritizing inclusive development.

- China's strategic positioning in the Red Sea region represents a bold gamble. While economic opportunities abound, navigating the complex web of security challenges and regional anxieties requires a delicate touch. Prioritizing open communication, responsible stakeholder behavior, and collaborative action paves the way for a future where China's ambitions and regional stability can coexist. However, failing to address concerns could lead to a future where the Red Sea becomes a breeding ground for distrust and instability, jeopardizing China's strategic goals and the region's prosperity. The success of China's grand strategy hinges on its ability to navigate this labyrinthine sea with prudence, ensuring a future where ambition complements, not contradicts, regional well-being.

C) DIVERSIFICATION OF CHINA'S ECONOMIC PARTNERSHIPS IN THE RED SEA REGION

China's economic presence in the Red Sea region has traditionally leaned heavily on key partnerships with established players like Saudi Arabia and Egypt. The recent years have witnessed a significant shift towards diversification, with China actively forging new partnerships and exploring novel economic opportunities across the region.

Motivations for Diversification:

- **Geopolitical Considerations:** Rising tensions with established Western partners like the US and concerns about potential instability in Saudi Arabia encourage China to spread its economic footprint and reduce reliance on any single player.

- **Market Access and Resource Exploration:** China seeks untapped markets and resources in previously overlooked countries, offering promising opportunities across diverse sectors.
- **Evolving Regional Dynamics:** Economic diversification within African nations creates new pathways for collaboration and investment, aligning with China's BRI goals.

Methods of Diversification:

- **Expanding Trade Partnerships:** Trade agreements with Ethiopia, Djibouti, and Sudan showcase China's outreach beyond traditional partners, increasing import-export volumes and diversifying trade flows.
- **Investing in Diverse Sectors:** Beyond traditional infrastructure projects, China is now investing in agriculture (e.g., large-scale farms in Sudan), healthcare (e.g., hospitals in Eritrea), and renewable energy (e.g., solar power plants in Somalia), fostering broader economic integration.
- **Building New Partnerships:** Engaging with smaller nations like Eritrea and Somalia exemplifies China's diversification strategy. Development assistance programs and infrastructure investments pave the way for future economic cooperation.

Examples of Diversification:

- **Djibouti:** As the location of China's first overseas military base, Djibouti represents a strategic hub for Chinese investments in ports, logistics, and free trade zones, facilitating trade across the region.
- **Ethiopia:** China is Ethiopia's largest trading partner, with investments in key sectors like infrastructure, textiles, and agriculture. The recent Addis Ababa-Djibouti railway, co-financed by China, exemplifies strategic infrastructure partnerships.
- **Sudan:** As part of its "Belt and Road" strategy, China invests heavily in oil exploration and infrastructure projects in Sudan, diversifying its access to energy resources and expanding its economic footprint.

Potential Benefits:

- **Reduced Geopolitical Risk:** Diversification mitigates dependence on any single partner, minimizing exposure to potential political or economic instability.
- **Access to New Markets and Resources:** Diversification unlocks previously untapped markets and resources, contributing to China's economic growth and resource security.
- **Enhanced Regional Integration:** China's engagement with diverse countries can bolster regional economic integration and development, benefitting the entire region.

5.2 CHALLENGES AND CONCERNS OF CHINA REGARDING RED SEA REGION

A) GEOPOLITICAL COMPETITION

Geopolitical competition presents a multifaceted challenge to China's burgeoning presence in the Red Sea region, influencing its economic interests, security strategies, and diplomatic engagements. As a rising global power, China's expanding footprint in the Red Sea is closely scrutinized by established powers such as the United States and European Union, as well as by emerging regional actors like India and Russia. At the heart of this competition lies the strategic significance of the Red Sea as a vital maritime trade route connecting the Indian Ocean with the Mediterranean Sea, making it a focal point for geopolitical rivalries and power struggles.

China's presence in the Red Sea region reflects its broader ambitions of securing access to resources, markets, and strategic footholds in key regions across the globe. However, its efforts are met with resistance and apprehension from other global and regional powers, who view China's growing influence with suspicion and concern. This geopolitical competition manifests in various ways, shaping the regional security environment, economic dynamics, and diplomatic relations in the Red Sea region.

One of the primary manifestations of geopolitical competition in the Red Sea is the strategic manoeuvring of major powers to establish influence and control over critical maritime chokepoints and resource-rich territories. The Red Sea's strategic location at the crossroads of major international shipping lanes and its proximity to conflict-prone areas such as the Middle East and the Horn of Africa make it a coveted prize for global powers seeking to assert their dominance in the region. China's presence in the Red Sea, epitomized by its investments in ports, infrastructure projects, and military facilities, is viewed through the lens of strategic competition, with rival powers vying for influence and access to key assets.

Moreover, geopolitical competition in the Red Sea region is intertwined with broader strategic rivalries and power struggles between major powers, particularly between China and the United States. The United States, as a traditional hegemon in the region, seeks to preserve its dominance and prevent the emergence of potential challengers, including China. This competition plays out in various arenas, including military deployments, economic partnerships, and diplomatic alliances, as both powers seek to advance their respective interests and spheres of influence in the Red Sea region.

The intensification of geopolitical competition in the Red Sea poses significant challenges to China's presence and influence in the region. On one hand, China's economic engagement and infrastructure investments offer tangible benefits to countries in the Red Sea region, fostering economic development, connectivity, and trade. However, these efforts are often perceived as a means of expanding China's influence and projecting power in strategically important regions, leading to concerns about debt dependency, neocolonialism, and erosion of sovereignty.

China's expanding presence in the Red Sea region has raised questions about its long-term intentions and strategic objectives. While China emphasizes its commitment to peaceful development and win-win cooperation, its growing military presence, particularly the establishment of its first overseas military base in Djibouti, has fueled speculation about its ambitions and capabilities in the region. This has prompted other regional and global powers to reassess their strategies and responses to China's presence in the Red Sea, leading to increased competition and strategic maneuvering.

In response to these challenges, China adopts a multifaceted approach to navigate the complexities of geopolitical competition in the Red Sea region. This includes diplomatic engagement, economic cooperation, and strategic partnerships with key stakeholders in the region. Through initiatives such as the Belt and Road Initiative (BRI), China seeks to promote regional integration, infrastructure development, and economic growth, while also advancing its own strategic interests and expanding its influence in the Red Sea region.

China actively participates in multilateral forums and regional organizations to promote dialogue, cooperation, and conflict resolution in the Red Sea region. By working with other stakeholders, including regional governments, international organizations, and civil society groups, China aims to contribute to peace, stability, and prosperity in the region while safeguarding its own interests and enhancing its influence on the global stage.

- In geopolitical competition presents both opportunities and challenges for China's presence in the Red Sea region. While China's expanding influence and economic engagement offer potential benefits to countries in the region, they also provoke resistance and suspicion from other global and regional powers. Navigating these challenges requires China to adopt a nuanced and adaptive approach, balancing its economic interests with geopolitical considerations and fostering cooperation with key stakeholders in the Red Sea region and beyond.

B) SECURITY

Security threats in the Red Sea region pose multifaceted challenges to China's burgeoning presence, impacting its economic interests, strategic objectives, and diplomatic engagements. The region's strategic significance as a vital maritime trade route connecting the Indian Ocean with the Mediterranean Sea renders it susceptible to various security risks, including piracy, terrorism, and maritime conflicts. These threats not only jeopardize the safety of maritime trade routes but also undermine regional stability, exacerbating political tensions and economic uncertainties.

One of the most pressing security threats in the Red Sea region is piracy, particularly in the waters off the coast of Somalia and the Horn of Africa. Despite concerted international efforts to combat piracy, including naval patrols and enhanced security measures, piracy remains a persistent challenge, threatening the safety of commercial vessels and hindering maritime trade. In recent years, there have been sporadic incidents of pirate attacks and attempted hijackings, highlighting the continued vulnerability of shipping lanes in the region.

Moreover, ongoing conflicts and political instability in countries such as Yemen, Sudan, and Somalia exacerbate security risks in the Red Sea region, contributing to maritime insecurity and heightening the risk of conflict escalation. The conflict in Yemen, in particular, has emerged as a major flashpoint, with ongoing hostilities between the Saudi-led coalition and Houthi rebels disrupting maritime traffic and increasing the risk of maritime attacks and disruptions. Similarly, political unrest and violence in Sudan and Somalia have created fertile ground for illicit activities, including arms smuggling, human trafficking, and piracy, further complicating efforts to maintain maritime security and stability.

China's response to security threats in the Red Sea region encompasses a range of diplomatic, economic, and military measures aimed at addressing the root causes of insecurity and fostering regional stability. Through diplomatic engagement and multilateral cooperation, China seeks to promote dialogue, conflict resolution, and peacebuilding efforts in countries affected by conflicts and political instability. China also actively participates in international efforts to combat piracy and maritime crime, contributing naval assets and logistical support to multinational patrols and anti-piracy operations in the region.

China's expanding military presence in the Red Sea region, exemplified by the establishment of its first overseas military base in Djibouti, underscores its commitment to safeguarding its maritime interests and protecting critical sea lanes. The Chinese naval facility in Djibouti serves as a strategic

outpost for China's anti-piracy operations, humanitarian missions, and peacekeeping efforts in the region, enhancing China's ability to respond to security threats and contribute to regional stability.

China's growing military presence in the Red Sea has also raised concerns among other regional and global powers about its long-term intentions and potential to alter existing security dynamics. While China portrays its military activities as being primarily focused on peacekeeping, humanitarian assistance, and anti-piracy operations, the rapid expansion of its military footprint in the region has prompted speculation about its strategic ambitions and capabilities.

To mitigate security threats in the Red Sea region and safeguard its interests, China adopts a comprehensive and multidimensional approach that combines military deterrence with diplomatic engagement and economic cooperation. By promoting dialogue, cooperation, and conflict resolution, China seeks to address the root causes of insecurity and instability in the region, fostering an environment conducive to peace, stability, and prosperity. Moreover, China's investments in infrastructure development, economic cooperation, and capacity-building initiatives aim to address the underlying socio-economic grievances that fuel conflicts and insecurity in the Red Sea region, laying the groundwork for long-term peace and stability.

- Security threats in the Red Sea region pose significant challenges to China's presence and influence, impacting its economic interests, strategic objectives, and diplomatic engagements. Piracy, terrorism, and maritime conflicts threaten the safety of maritime trade routes and undermine regional stability, necessitating a coordinated and comprehensive response from China and other stakeholders. Through diplomatic engagement, economic cooperation, and military deterrence, China seeks to address security threats in the Red Sea region and contribute to peace, stability, and prosperity in the region and beyond.

C) ENERGY SECURITY

Energy security represents a critical challenge to China's burgeoning presence in the Red Sea region, impacting its economic growth, geopolitical influence, and strategic interests. As the world's largest energy consumer and importer, China relies heavily on imported oil and natural gas to fuel its booming economy and sustain its rapid industrialization. The Red Sea serves as a vital transit route for oil shipments from the Middle East to China, making it a strategic gateway for China's energy imports and a linchpin of its energy security strategy.

Recent developments in the Red Sea region, including geopolitical tensions, maritime security risks, and infrastructure vulnerabilities, have heightened concerns about the stability and reliability of China's energy supplies. The escalation of regional conflicts, such as the ongoing war in Yemen and the political unrest in Sudan, threatens to disrupt maritime trade routes and impede the flow of oil through the Red Sea, posing significant challenges to China's energy security. The recent attack on Saudi Aramco's oil facilities in September 2019, which temporarily disrupted Saudi Arabia's oil production and exports, underscored the vulnerability of energy infrastructure in the region to geopolitical risks and security threats.

In response to these challenges, China has adopted a multifaceted approach to enhance its energy security in the Red Sea region, encompassing diplomatic engagement, economic cooperation, and strategic investments. Diplomatically, China has sought to foster dialogue, mediation, and conflict resolution efforts to address the root causes of regional instability and promote peace and stability in conflict-affected countries such as Yemen and Sudan. Economically, China has deepened its energy cooperation and strategic partnerships with key oil-producing countries in the Red Sea region, including Saudi Arabia, the United Arab Emirates, and Sudan, to secure long-term oil supply contracts and investment opportunities. China's Belt and Road Initiative (BRI) has emerged as a key platform for promoting energy infrastructure development and connectivity in the Red Sea region, facilitating the construction of pipelines, ports, and energy projects aimed at enhancing the region's energy security and promoting economic development.

China's expanding military presence in the Red Sea region, exemplified by the establishment of its first overseas military base in Djibouti, underscores its commitment to safeguarding its maritime interests and protecting critical sea lanes. The Chinese naval facility in Djibouti serves as a strategic outpost for China's anti-piracy operations, humanitarian missions, and peacekeeping efforts in the region, enhancing China's ability to respond to security threats and contribute to regional stability. Additionally, China has invested in the development of alternative energy sources, such as renewable energy and nuclear power, to diversify its energy mix and reduce its dependence on imported fossil fuels from the Red Sea region. China's efforts to promote clean energy technology and innovation have led to significant advancements in renewable energy deployment, including the construction of solar power plants and wind farms in countries along the Red Sea coast.

- China's energy security in the Red Sea region remains vulnerable to a range of geopolitical, security, and economic risks, including political instability, terrorism, piracy, and maritime conflicts. The recent escalation of tensions between Iran and the United States in the Persian

Gulf underscores the interconnectedness of regional security dynamics and the potential for spillover effects to impact the Red Sea region. Moreover, China's growing rivalry with the United States and other major powers in the Indo-Pacific region poses additional challenges to its energy security strategy in the Red Sea, as competition for influence and control over critical sea lanes intensifies. It's a critical challenge to China's presence and influence in the Red Sea region, with implications for its economic growth, geopolitical influence, and strategic interests. As China continues to expand its engagement in the region, it must navigate the complex interplay of geopolitical rivalries, security risks, and economic uncertainties to safeguard its energy supplies and promote regional stability. Through diplomatic engagement, economic cooperation, and strategic investments, China aims to enhance its energy security in the Red Sea region and mitigate the impact of external shocks on its economy and national security.

D) DIPLOMATIC BALANCING ACT

The diplomatic balancing act presents a complex challenge to China's expanding presence in the Red Sea region, influencing its strategic partnerships, regional stability efforts, and global standing. As China seeks to deepen its economic engagement and political influence in the region, it must navigate a delicate balance between competing interests, regional dynamics, and global power politics. The Red Sea's strategic significance as a vital maritime trade route and geopolitical hotspot makes it a focal point for diplomatic maneuvering and strategic competition among major powers.

China's diplomatic engagement in the Red Sea region reflects its broader foreign policy objectives of promoting economic cooperation, fostering political stability, and advancing its own strategic interests. Through initiatives such as the Belt and Road Initiative (BRI), China seeks to strengthen its ties with countries in the Red Sea region, offering economic incentives, infrastructure investments, and development assistance to enhance connectivity and promote regional integration. However, China's expanding influence in the region is met with resistance and skepticism from other global and regional powers, who view China's growing presence with suspicion and concern.

One of the key challenges facing China's diplomatic balancing act in the Red Sea region is navigating its relationships with countries with diverse political systems, economic interests, and security concerns. While China seeks to maintain friendly and cooperative relations with all countries in the region, it must also contend with competing interests and rivalries

among regional actors, as well as with the influence of external powers such as the United States, European Union, and Gulf states. Moreover, China's policy of non-interference and respect for sovereignty complicates its diplomatic engagements in countries with authoritarian regimes or internal conflicts, raising questions about China's role in promoting democracy, human rights, and good governance in the region.

Recent developments in the Red Sea region, including the normalization of diplomatic relations between Israel and several Arab states, present both opportunities and challenges for China's diplomatic balancing act. While China welcomes efforts to promote peace, stability, and cooperation in the region, it also faces pressure to navigate the complex geopolitical dynamics and competing interests involved. China's response to these developments underscores its commitment to a pragmatic and inclusive approach to diplomacy, emphasizing dialogue, cooperation, and conflict resolution while respecting the sovereignty and interests of all parties involved.

China's expanding military presence in the Red Sea region, exemplified by the establishment of its first overseas military base in Djibouti, adds a new dimension to its diplomatic balancing act. While China portrays its military activities as being primarily focused on peacekeeping, humanitarian assistance, and anti-piracy operations, the rapid expansion of its military footprint in the region has raised suspicions and anxieties among other regional and global powers about its long-term intentions and strategic objectives. China's challenge lies in reassuring other stakeholders about the defensive nature of its military presence while avoiding being drawn into regional conflicts or entanglements.

In response to these challenges, China adopts a nuanced and adaptive approach to diplomacy in the Red Sea region, balancing its economic interests with geopolitical considerations and fostering cooperation with key stakeholders. Through diplomatic engagement, economic cooperation, and strategic partnerships, China seeks to promote dialogue, build trust, and address the root causes of regional instability and conflict. Moreover, China actively participates in multilateral forums and regional organizations to promote dialogue, cooperation, and conflict resolution in the Red Sea region, emphasizing the importance of inclusive and cooperative approaches to addressing common challenges and advancing shared interests.

Recent examples of China's diplomatic engagement in the Red Sea region include its efforts to mediate conflicts and promote peacebuilding efforts in countries such as Sudan, South Sudan, and Yemen. China has played a constructive role in facilitating dialogue and negotiations among warring parties, providing diplomatic support and technical assistance to promote peace,

stability, and reconciliation in conflict-affected areas. Additionally, China has expanded its economic cooperation and investment in the region, including infrastructure projects, energy partnerships, and trade agreements, to enhance connectivity and foster economic development.

- The diplomatic balancing act presents a complex challenge to China's expanding presence in the Red Sea region, requiring careful navigation of competing interests, regional dynamics, and global power politics. As China seeks to deepen its engagement and influence in the region, it must adopt a pragmatic and inclusive approach to diplomacy, emphasizing dialogue, cooperation, and conflict resolution while respecting the sovereignty and interests of all parties involved. Through diplomatic engagement, economic cooperation, and strategic partnerships, China aims to promote peace, stability, and prosperity in the Red Sea region while advancing its own strategic objectives and safeguarding its national interests.

E)INFRASTRUCTURE INVESTMENT RISKS

Risk of infrastructure development is a significant challenge to China's burgeoning presence in the Red Sea region, impacting its economic interests, strategic objectives, and diplomatic engagements. The Red Sea's strategic location as a vital maritime trade route and its abundant natural resources make it an attractive target for infrastructure development and investment. However, the region's complex geopolitical dynamics, security risks, and economic uncertainties pose formidable challenges to China's efforts to promote connectivity, foster economic development, and enhance its influence in the region.

One of the key infrastructure investment risks facing China in the Red Sea region is the potential for political instability and conflict to disrupt or undermine infrastructure projects. Recent examples of political unrest and violence in countries such as Yemen, Sudan, and Somalia highlight the inherent risks associated with investing in fragile and conflict-affected environments. The ongoing civil war in Yemen, in particular, has led to widespread destruction of infrastructure and impeded development efforts, creating significant challenges for Chinese investors and contractors operating in the country.

Moreover, the prevalence of corruption, bureaucratic inefficiencies, and regulatory hurdles in some countries in the Red Sea region adds another layer of complexity to infrastructure investment projects, increasing the risk of delays, cost overruns, and project failures. China's emphasis on state-led development and top-down decision-making may exacerbate these challenges, as it may clash with local governance structures and regulatory frameworks in host countries.

Infrastructure investment risks in the Red Sea region are compounded by concerns about debt sustainability, environmental degradation, and social impacts. China's Belt and Road Initiative (BRI), which aims to promote connectivity and economic cooperation through infrastructure development, has faced criticism for its opaque lending practices, lack of transparency, and environmental and social impacts. The construction of large-scale infrastructure projects, such as ports, railways, and industrial zones, may lead to displacement of local communities, loss of biodiversity, and degradation of natural habitats, raising concerns about the long-term sustainability and viability of these projects.

- Recent examples of infrastructure investment risks in the Red Sea region include the controversy surrounding the Chinese-funded port projects in Djibouti and Sri Lanka. In Djibouti, the construction of the Doraleh Multipurpose Port, funded and operated by Chinese companies, has sparked allegations of corruption, environmental degradation, and social unrest, leading to tensions between China and the Djiboutian government. Similarly, in Sri Lanka, the Chinese-funded Hambantota Port project has faced criticism for its high debt burden, lack of economic viability, and strategic implications for regional security.

In response to these challenges, China has adopted a more cautious and selective approach to infrastructure investment in the Red Sea region, emphasizing quality over quantity and prioritizing projects that are economically viable, environmentally sustainable, and socially responsible. China's revised BRI guidelines, announced in 2019, aim to address some of the criticisms and concerns surrounding its infrastructure investment practices, including debt sustainability, environmental protection, and transparency. However, implementing these guidelines effectively and ensuring compliance with international standards remains a challenge, given the diverse range of stakeholders and interests involved in BRI projects.

China's infrastructure investment risks in the Red Sea region are shaped by broader geopolitical dynamics and strategic considerations. The intensification of geopolitical competition between China and other major powers, particularly the United States, European Union, and Gulf states, adds an additional layer of complexity to infrastructure investment projects, as they become increasingly politicized and subject to scrutiny from rival powers. China's challenge lies in navigating these geopolitical rivalries and balancing its economic interests with strategic considerations, while also addressing the legitimate concerns and grievances of host countries and local communities.

Recent examples of China's efforts to mitigate infrastructure investment risks in the Red Sea region include its engagement with multilateral development banks,

international financial institutions, and other stakeholders to enhance project oversight, transparency, and accountability. China has also sought to promote partnerships with host countries, regional organizations, and civil society groups to address environmental and social concerns, foster local ownership, and ensure the long-term sustainability of infrastructure projects.

- Infrastructure investment risks present a formidable challenge to China's presence and influence in the Red Sea region, impacting its economic interests, strategic objectives, and diplomatic engagements. As China continues to expand its infrastructure investments in the region, it must navigate the complex interplay of political, economic, and social factors to ensure the success and sustainability of its projects. Through careful risk assessment, due diligence, and stakeholder engagement, China aims to address the challenges and uncertainties associated with infrastructure investment in the Red Sea region while advancing its own strategic interests and contributing to regional development and prosperity.

F) MARITIME GOVERNANCE AND ENVIRONMENTAL CONCERNS

Maritime governance and environmental concerns pose significant challenges to China's expanding presence in the Red Sea region, impacting its economic interests, strategic objectives, and diplomatic engagements. The Red Sea's strategic importance as a vital maritime trade route and its rich biodiversity make it a focal point for efforts to promote sustainable development, protect marine ecosystems, and ensure maritime security. However, the region's complex geopolitical dynamics, regulatory gaps, and environmental vulnerabilities present formidable challenges to China's efforts to promote responsible maritime governance and address environmental concerns.

One of the key challenges facing China's maritime governance efforts in the Red Sea region is the lack of effective regulatory frameworks and institutional capacity to manage maritime activities and enforce environmental regulations. Many countries in the region lack the resources, expertise, and political will to effectively monitor and regulate maritime activities, leading to issues such as illegal fishing, marine pollution, and overexploitation of natural resources. China's challenge lies in working with host countries and regional organizations to strengthen maritime governance mechanisms, enhance enforcement capabilities, and promote compliance with international maritime laws and regulations.

China's expanding maritime infrastructure projects in the Red Sea region, such as ports, shipping lanes, and offshore installations, raise concerns about their potential environmental impacts, including habitat destruction, pollution, and loss of biodiversity. The construction and operation of

these infrastructure projects may disturb sensitive marine ecosystems, disrupt migratory patterns of marine species, and increase the risk of oil spills and other environmental disasters. China's challenge lies in adopting sustainable practices and mitigating the environmental risks associated with its maritime infrastructure investments, while also promoting economic growth and regional development.

Recent examples of environmental concerns in the Red Sea region include the deterioration of coral reefs and marine habitats due to pollution, overfishing, and climate change. The Red Sea is home to some of the world's most diverse and ecologically important marine ecosystems, including coral reefs, mangroves, and seagrass beds, which support a wide range of marine species and provide essential ecosystem services. However, these ecosystems are under threat from human activities, including coastal development, industrial pollution, and unsustainable fishing practices, which pose significant challenges to their conservation and management.

In response to these challenges, China has adopted a multi-faceted approach to address maritime governance and environmental concerns in the Red Sea region, encompassing diplomatic engagement, capacity-building initiatives, and strategic partnerships with key stakeholders. China's Belt and Road Initiative (BRI), which aims to promote connectivity and economic cooperation through infrastructure development, offers an opportunity to integrate environmental considerations into maritime infrastructure projects and promote sustainable practices.

- China's engagement with regional organizations and multilateral initiatives, such as the Regional Organization for the Conservation of the Environment of the Red Sea and Gulf of Aden (PERSGA) and the United Nations Environment Programme (UNEP), underscores its commitment to addressing environmental challenges in the Red Sea region. China has provided technical assistance, financial support, and training programs to help build the capacity of host countries and regional organizations to manage marine resources, combat marine pollution, and promote sustainable development. China's efforts to promote green technologies and renewable energy development in the Red Sea region offer potential solutions to address environmental concerns and reduce reliance on fossil fuels. China is investing in renewable energy projects, such as solar power plants and wind farms, to harness the region's abundant solar and wind resources and promote clean energy transition. These initiatives not only contribute to mitigating climate change and reducing greenhouse gas

emissions but also create opportunities for economic growth, job creation, and technological innovation in the region.

- China's maritime governance and environmental efforts in the Red Sea region face challenges and criticisms, including concerns about transparency, accountability, and compliance with international environmental standards. The lack of transparency and public participation in decision-making processes related to maritime infrastructure projects has led to allegations of environmental degradation, social displacement, and human rights abuses. China's challenge lies in addressing these concerns and ensuring that its maritime governance and environmental initiatives are conducted in a transparent, accountable, and socially responsible manner, with full respect for the rights and interests of local communities and ecosystems. Maritime governance and environmental concerns pose significant challenges to China's presence and influence in the Red Sea region, impacting its economic interests, strategic objectives, and diplomatic engagements. As China continues to expand its maritime infrastructure investments and promote economic cooperation in the region, it must adopt a holistic and sustainable approach to address environmental challenges and promote responsible maritime governance. Through diplomatic engagement, capacity-building initiatives, and strategic partnerships, China aims to contribute to the conservation and sustainable management of marine resources in the Red Sea region, while also advancing its own strategic interests and promoting regional development and prosperity.

CHAPTER 6

FINDINGS AND CONCLUSION

6.1 FINDINGS

- **Growing Economic Influence:** China has made large investments in resource extraction and infrastructure development, making it a major trading partner for Red Sea nations. China's position in the region is strengthened by this economic activity.
- **Strategic Military Presence:** China has increased its naval activities in the Red Sea and built its first overseas military station in Djibouti. One could interpret this presence as a means of projecting strength and securing important shipping waterways.
- **Potential Security Concerns:** China's growing military presence may give rise to worries about regional arms races and the potential militarization of the Red Sea. At the same time, some countries may be wary of China's growing influence.
- **Political Balancing Act:** Red Sea countries navigate relations with China while maintaining ties with traditional partners like the US. This balancing act can be complex.

6.2 CONCLUSION

China's growing influence in the Red Sea region highlights how modern geopolitics is transforming the world and how the dynamics of the global power struggle are changing. This study has provided light on the intricate interactions between political, security, and economic variables that shape China's presence and impact in the region by thoroughly examining the many facets of China's participation in the area. It is clear from historical precedents and current events that China's presence in the Red Sea region is motivated by a trifecta of geopolitical aspirations, economic interests, and strategic imperatives. A key component of China's strategy is the Belt and Road Initiative (BRI), which promotes trade growth, marine connectivity, and infrastructural development throughout the area.

In addition to expanding China's economic influence, its increasing investments in ports, infrastructure, and energy resources have sparked concerns about its long-term goals and the effects

these will have on regional security and stability. Furthermore, China's naval presence in the area—best demonstrated by the construction of a military station in Djibouti—highlights the strategic need of defending its maritime interests and crucial sea lanes. But China's growing influence has also alarmed other regional and international countries, which has increased rivalry and geopolitical tensions around the Red Sea. China's expanding influence is especially concerning to the United States, which sees it as a threat to its own strategic interests and regional clout.

With ramifications for both regional dynamics and global stability, the Red Sea region has emerged as a focal point of geopolitical conflict. To effectively manage China's involvement in the Red Sea region going ahead, authorities and stakeholders must take a nuanced and proactive approach. It is crucial to make sure that China's actions follow international norms and respect the sovereignty and interests of regional governments, even as we acknowledge China's legitimate interests and contributions to regional development. In order to reduce any conflicts and promote positive interaction between China and other regional parties, increased communication, collaboration, and transparency are essential. Furthermore, in order to successfully handle the opportunities and challenges posed by China's presence, regional governments must likewise enhance their own institutions and capacities.

Regional players may secure their own interests and sovereignty while optimizing the advantages of China's engagement through strategic partnerships and the utilization of their comparative advantages. In addition, the promotion of peace, stability, and sustainable development in the Red Sea region is a critical responsibility of the international community, which includes the United Nations and regional organizations. Addressing shared issues including environmental sustainability, economic progress, and maritime security requires multilateral cooperation and communication. The international community may contribute to reducing the likelihood of conflict and instability and establishing a conducive atmosphere for mutual prosperity and peaceful coexistence by promoting an inclusive and cooperative approach. China's stance in the Red Sea region is a key aspect of modern geopolitics, with ramifications for both local dynamics and the international system. China's presence presents risks and problems that require the proactive and collaborative efforts of all stakeholders to solve, even as it presents potential for economic development and connectivity. The international community can assist China in reshaping its position in the Red Sea region in a way that advances peace, stability, and prosperity for all by encouraging communication, collaboration, and adherence to international rules.

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