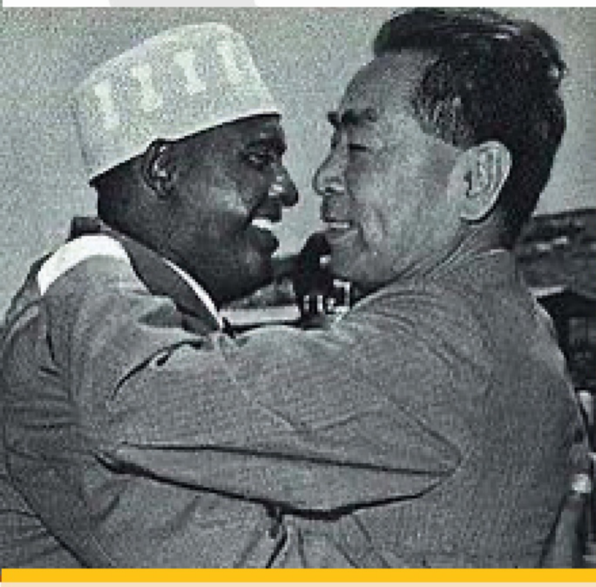

CHINA AND RUSSIA IN SOMALIA:

Influence, Trade and Contest

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This is the first paper by Sahan in a series of major and middle power competition in the Horn of Africa.

Introduction

Russia and China have stepped up their separate diplomatic engagements with Somalia, most visibly in the last one year. Diplomatic exchanges have increased in tempo and a raft of bilateral cooperation agreements has been signed. Russia wrote off a portion of Somalia's historic debt, invited Somalia to the revived Russia-Africa Forum in St Petersburg, offered unspecified security assistance to support the Federal Government of Somalia's offensive against the militant insurgent group, Al-Shabaab, and pledged 25,000 tonnes of free wheat. Difficult to corroborate reports have suggested the Kremlin may be working to develop closer security cooperation with Mogadishu as well.

China, meanwhile, offered Somalia membership in the Belt and Road Initiative (BRI), increased free university scholarships for Somali students, launched a scheme of training visits for civil servants, and donated a fleet of lorries to the Somali National Army. In return, Somali elites have awarded Chinese companies with cheap fishing licences.

It remains unclear at this stage to what extent China and Russia are coordinating in their apparent efforts to rebuild historic relations with Somalia, or if their goal is to challenge Western influence. The two powers are not necessarily natural allies; their relations, historically, have been prone to periodic frictions. In 1960, the two neighbours almost went to war over an escalated border dispute. In fact, for much of the Cold War era, their ties were marked by rivalry and competition. Yet, they have also found common ground for cooperation and have tended to act in concert to challenge what they perceive as Western dominance.

Recently, Russia's invasion of Ukraine in February 2022 and increasing regional tensions over Taiwan have pushed Beijing and Moscow closer. A month after the outbreak of war in Ukraine, Chinese leader Xi Jinping visited Russia where a "strategic partnership" was reaffirmed. In fact, China depends on Russian for cheap energy. The two countries' trade is now conducted in yuan or roubles – a lifeline that cushions Russia's economy. The US decision to designate China a "strategic adversary" and Beijing's sense of vulnerability and grievance over Washington's Taiwan policy drives its desire to cement its renewed alliance with Russia to counter Washington's global influence.

In 2017, China unveiled a new strategy that seeks to sync its domestic modernisation (termed "rejuvenation") with a new assertive projection of Chinese power and influence abroad, to create conditions favourable to its national interest. Beijing's recent active diplomatic posture in Somalia is primarily a manifestation of that strategic ambition – to incrementally groom Somalia into a 'favourable' ally. Somaliland's recognition of Taiwan in 2020 provided a catalyst for China to act, though it is not necessarily the proximate trigger of the Asian power's Somalia re-engagement.

Somalia, to be sure, is not a top foreign policy priority. It is unlikely to become a major theatre of contest between the West and a Russia-China axis at this stage. The Horn state remains embroiled in active armed conflict. Objectively, it offers few immediate returns to new external actors, not least because its national economy is embryonic and its market under-developed. Geography and future economic potential are however Somalia's greatest selling points. And Beijing and Moscow would welcome the symbolic and propaganda benefits conferred by their enhanced presence and visibility. Moreover, a toehold in Somalia, which aims to align and consolidate their broader footprint in the Horn, enables both to advance and secure their interests more effectively.

The Somali government's policy to diversify foreign ties and court new, non-traditional major global players provides China and Russia with this opportunity. The fact that both are permanent members of the UNSC with veto power gives them a comparative advantage over Middle Eastern powers currently vying for influence and commercial gain. And Somalia's ruling elite, largely Islamists and nationalists, may likely view China and Russia as counterweights to the West.

The UN arms embargo on the Federal Government of Somalia, in force since 1992, was lifted on 1 December 2023. Somalia is also expected to reach the Heavily Indebted Poor Countries (HIPC) completion point, which is likely to trigger the inflow of substantial financial resources to support its development and reconstruction. As major arms exporters to the Horn, China and Russia stand to gain. China, which has a special interest in African infrastructure modernisation, may bid for contracts.

I. Old theatre, new game

Russia and China are engaging in an old Somali theatre, which has been transformed, sitting at the centre of one of the most intense geopolitical competitions in Africa. A constellation of rising middle powers, principally Middle Eastern, have reconfigured both the geopolitical terrain and the once familiar rules of the game. History, experience and clout, therefore, can only offer them limited advantage. As new players, they will find that navigating the complex Somali sphere entails nimble diplomatic footwork, the ability to learn and adapt quickly, and the finesse to manage relations with other influential players keen to protect their stakes in the game.

Russia and China have in the last year forged an informal alliance that has raised the prospect of a putative new Sino-Russian axis with the potential to export instability to the Horn and the rest of Africa. Recent events in the Sahel and Lake Chad Basin reinforce such perceptions. Assuming these apprehensions are well-founded, a coincidence of interest will not necessarily result in a solid convergence of interest. China and Russia are major global players, dissimilar in both weight and wealth, and animated by different ambitions. One is a declining power bogged down in a grinding war of attrition; the other is a risen and assertive power keen to project itself as responsible and benevolent, offering the global south a model of partnership based on principles of non-interference and a 'win-win' mentality. Both Russia and China may invoke a history of support for African decolonisation or even tap into and inflame anti-Western grievances. But China's pragmatic and cautious diplomacy and its vast commercial and economic stakes in the West and Africa make it unlikely to help turn the Horn into a theatre of a geopolitical arms race.

Middle Eastern powers

The last decade has seen a steady rise in the number of middle powers vying for influence in Somalia. While each actor is motivated by a specific set of vulnerabilities, competing ambitions and goals, most have been animated by a desire to expand their footprint in a strategic corner of the Horn to advance their military, national security, and commercial goals and interests.[1]

In mid-2017, simmering tensions between Qatar and its Gulf neighbours erupted into an open split and emergence of two adversarial camps. An unprecedented siege was imposed on Qatar by its neighbours. The Gulf rivalry spilled into Somalia and the wider Horn, sowed divisions within

[1] Rashid Abdi, *A Dangerous Gulf in the Horn: How the Inter-Arab Crisis is Fuelling Regional Tensions,* International Crisis Group, August 2017.

and between states and destabilised local politics.[2] Somalia's state fragility, factionalised politics, and social and regional cleavages rendered it more vulnerable to the spill-over effect was especially hard hit due to its proximity and dependence on the Gulf.

In January 2021, the Saudi-UAE axis met in the Saudi city of Al Ula and agreed to ease the siege on Doha – setting in motion a process of regional normalisation that continues today.[3] Driven by setbacks in Yemen, Syria and Lebanon, and disillusionment with the United States, the Gulf détente has since led to improved ties between Arab powers with Turkey, Syria and Iran, and attempts to nudge Gulf states to establish ties with Israel. But this rapprochement in the Middle East remains shaky. Recent frictions between Saudi Arabia and the UAE especially risk reopening regional tensions.

Middle Eastern competition in Somalia is currently less heated, though not necessarily less adversarial. The Hassan Sheikh Mohamud (HSM) administration's policy to rebalance and diversify Somalia's foreign relations has led to normalisation with both Egypt and the UAE. Emirati support is now crucial to Mogadishu's force generation. Qatar, meanwhile, appears to be stepping up parallel diplomacy to rebuild its influence.

Western response

In recent years, Western powers have endeavoured to protect Somalia from the destabilising impact of Middle Eastern powers, without much success. Attempts to promote cooperative multilateralism and include Turkey, Qatar and the UAE in the Somalia partners' forum have not modified the behaviour of these actors. Similarly, initiatives to encourage regional states to establish structures and mechanisms for dialogue have yet to yield tangible positive results. As a result, the contestation in the region continues to be guided by a zero-sum logic, with most engagements remaining unilateral and transactional. The Somali political elites' preference for this unmediated and opaque engagement model compounds the West's dilemma.

The entry of Russia and China, both increasingly at odds with the West, in a seemingly messy and intensely competitive geopolitical space has the potential to aggravate this situation. Even if a new bout of destabilising contest can be avoided, the peer influence exerted on the Somali body politic by illiberal and authoritarian states will no doubt be negative in the long-term. In fact, it is not unreasonable to posit that the resurgence of illiberal politics in Mogadishu in recent years and Somalia's drift towards authoritarian state-building may be driven by these dynamics.[4]

[2] Rashid Abdi, *A Dangerous Gulf in the Horn: How the Inter-Arab Crisis is Fuelling Regional Tensions,* International Crisis Group, August 2017.

[3] Associated Press, Gulf Arab leaders sign declaration to ease rift with Qatar, January 2021.

[4] In May 2023, Somalia's political elite were asked to overhaul the country's electoral and governance system. If proposed changes are adopted, Somalia will end its current parliamentary system and transition to a presidential system. This could dismantle important checks and balances, concentrate powers in the office of the president and recentralise the state.

II. China and Russia in the Horn of Africa: A Long History of Engagement in Somalia

China and Russia each established formal bilateral ties with Somalia immediately after its independence-- Russia in September and China in December 1960. Chinese and Somali officials tend to underscore the historical nature of their relations by referring to ancient contacts between China and the Somali peninsula, when China was a sea power and the Horn part of the maritime Silk Road.[5] The narrative of early post-colonial contacts allows China to frame its current overtures as the continuation of a mutually beneficial historical partnership.

In 1964, Chinese Premier Zhou En Lai visited Somalia as part of an African tour designed to groom and induct African states into the socialist bloc. At the time, China-Russia relations had soured; Zhou's tour was also aimed at countering Russian influence in Africa – a cautionary reminder of the residual tensions between the two powers.[6]

Somalia's relations with the Soviet Union grew in strength following the 1969 coup led by Siyad Barre. Spotting an opportunity and a 'coincidence of interest,' the Soviets encouraged Barre to adopt so-called scientific socialism, and developed a patron-client relationship that quickly transformed Somalia into one of the most formidable Cold War states in the Horn.[7]

The Sino-Soviet partnership during the Cold War also offered developmental gains for Somalia. Russia built a naval base and an airfield in Berbera in 1975. China built the Somali National Stadium (which was refurbished in 2022), the Banaadir Hospital, the National Theatre, and major road networks and bridges. Large numbers of Somali students were offered scholarships in Chinese and Russian universities.

Barre's commitment to socialism, at best superficial, and his erratic foreign policy eventually ended his 'progressive modernisation' project, as well as Soviet and Chinese patronage.[8] The Ogaden War in 1977-78 and Barre's pivot to the US was the turning point, reinforcing perceptions in Beijing and Moscow that Barre was unreliable. The two powers lost interest in Somalia during its protracted civil war and then state collapse in 1991.

A. Assertive China in the Horn

China's renewed interest in Somalia and the broader Horn sub-region has been evolving again. Demand for new energy sources led to an early lucrative deal to develop oil fields in Sudan in 1995. By 2013, China had unveiled its Belt and Road Initiative (BRI), an ambitious global infrastructure project to link China with foreign markets. Fifty-two (52) of Africa's 54 states signed up for the project. Interestingly, Somalia joined BRI in 2015, three years before Ethiopia.[9] But the project quickly ran into problems as African states accumulated massive debts.

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5 A Chinese navigator by the name Zheng Hi is said to have visited Somalia multiple times some 600 years ago in a bid to open a path for Chinese traders to exchange porcelain, textiles, traditional medicine and gunpowder for ivory, frankincense, myrrh and other resources. Interview by Somali National Television with Chinese Ambassador Qin Jian, July 2020.

6 Robert A. Scalpino, *On the Trail of Zhou En Lai in Africa*, 1964.

7 Gary D. Payton, *The Somali Coup of 1969: The Case for Soviet Complicity*, The Journal of Modern African Studies, Vol. 18, No. 3 (September 1980), pp. 493-508.

8 Fidel Castro, who visited Somalia in a failed bid to prevent conflict between Somalia and Ethiopia, made an observation of Barre and his politics that proved prescient. "I have made up my mind about Siyad Barre, he is above all a chauvinist. Chauvinism is the most important factor in him. Socialism is just an outer shell…." Wilson Centre, *Transcript of Meeting between East German leader Erich Honecker and Cuban leader Fidel Castro, East Berlin* (excerpts) 1977.

9 Council on Foreign Relations, *Countries in China's Belt and Road Initiative: Who's in and Who's Out*, March 2021.

Interest in Chinese investment in infrastructure and loans has since waned, globally. The number of African leaders attending the annual China-Africa Forum has steadily declined since 2018. Yet, interest in BRI remains significant in Africa, not least because China still is Africa's largest trading partner.[10] Somalia, which has not benefited from the project, and which is in dire need of credit and grants to rebuild its infrastructure, may look to China as a potential partner.[11]China is likely to welcome such interest, because of the soft power it could gain and the leverage it could develop. In mid-October 2023, Beijing hosted the third 'Belt and Road for International Cooperation'.

In 2017, Beijing unveiled an ambitious new foreign policy to project its diplomatic and military power abroad, and to advance and secure its expanding commercial interests extending to strategic minerals and infrastructure development. China established its first overseas military base in Djibouti in 2017, and joined an international naval effort to curb piracy in the Indian Ocean and the Gulf of Aden. It also expanded its programme of in-person military training for regional armies.

From China's perspective, these steps were necessary to build its expeditionary 'blue-water' capabilities, establish a foothold in a major sea lane, and prove itself as an emerging and responsible international player. To illustrate the latter, it cooperated with the US in the Sudan peace process, which culminated in the establishment of South Sudan as an independent state, and deployed peace-keepers to South Sudan.[12] Concerns for the safety and well-being of Chinese workers in conflict areas in the Horn have since become a major priority, following spates of attacks and abductions, necessitating robust security for its diplomacy.

Energy Interests

In the last two decades, the Horn has become a major new energy frontier, with discoveries of oil and gas deposits in several states. Sudan was the first to strike oil in 1995, although its partition in 2011 left the bulk of Sudanese oil fields in South Sudan. Similar discoveries were made in Kenya and Uganda, while Tanzania and Ethiopia found large deposits of natural gas. Overall, however, expectations of financial windfalls from oil and gas have since diminished. Kenya suffered a significant setback when Tullow Oil pulled out of an oil extraction project, contractual disputes stalled a bid by Ethiopia to develop its Ogaden gas fields and armed conflict and instability have disrupted the oil sector in South Sudan. Such challenges are being compounded by growing pressures from climate change. Still, these states remain wedded to fossil fuel exploration and exploitation in the hope that it will lift them out of poverty. Though, as seen in Sudan, oil exploitation routinely centralises wealth at a cost to the country's periphery.

Somalia's ambitions to become an oil state are also undimmed and have been gaining momentum since 2019. A Petroleum Law was enacted in February 2020 in a bid to attract investors.[13] A ruling by the International Court of Justice (ICJ) in October 2021 in favour of Somalia in a maritime border dispute with Kenya strengthened Mogadishu's hopes, and triggered a flurry of efforts to generate international interest in its off-shore energy deposits. In 2022, a US-based energy company, Coastline Exploration, was awarded a concession to begin exploration in 7 oil blocs. The company disclosed it paid the Somali government USD 7 million as a "signature bonus."[14]

[10] Chinese official data in 2022 indicated China's trade with Africa was worth USD 282 billion. Xinhua, *Economic Watch: China-Africa trade index debuts, indicating strong growth*, June 2023.
[11] Sahan Research interview with Somali official, Mogadishu, November 2023.
[12] International Crisis Group, *China's Foreign Policy Experiment in South Sudan*, July 2017.
[13] Reuters, *Somalia president signs new petroleum bill into law*, February 2020.
[14] Reuters, *Somalia signs oil exploration agreement for seven blocks*, October 2022.

China first demonstrated its intent to become a player in Somalia's oil sector in 2007 when the state-run China Oil Corporation won a bid from the Transitional Federal Government of Somalia, then led by the late President Abdullahi Yusuf, to conduct oil and gas exploration. Under the agreement, signed in Nairobi, the Chinese state giant was to be awarded 51% of revenues.[15] But the rise of Al-Shabaab and intensified armed conflict ended the deal.

Informed sources say China's renewed interest in Somalia is partly driven by a desire to pre-position Beijing in anticipation of future energy deals, and that it is more focused on oil-related infrastructure than oil bloc auctions.[16]

Trade

China is a leading trade partner in Somalia, exporting a wide range of consumer products, such as electronics, textiles, footwear, food stuffs, cooking oil, medicine, generators, hardware, and machine tools. Somalia exports very little to China, on the other hand, mostly insect resins, leather and seafood. Trade is vastly skewed in favour of China.

Much of the existing data on China's trade in Somalia is outdated and unreliable, but a visit to any urban trading centre reinforces the view that China's market share remains unassailable, despite increasingly stiff competition. In Mogadishu and other cities, for example, textiles and footwear from Turkey, India and Vietnam have become popular and are deemed superior in quality. India's generic medicine is also preferred to that coming from China.

Fishing is an expanding area of trade that benefits China, but much of this trade is murky and controversial. Chinese fishing companies buy licences from Somali officials at extraordinarily low prices. In one recent such deal, Chinese companies paid just USD 1 million for a licence covering an entire yellow-fin tuna fishing season that spans from November to February. The practice of corrupt officials under-invoicing licences to negotiate cuts is deeply entrenched. According to a recent report by the UN Panel of Experts, Somalia experiences significant financial losses amounting to millions of US dollars through questionable transactions.

China and Russia dominate arms sales to the Horn. Both state actors and non-state armed actors in Somalia are accustomed to using Chinese and Russian-made weapons. A recent UN Panel of Exports report confirmed that the bulk of the arms and ammunition circulating in Somalia originate from China and Iran. Conceivably, China may also capitalise on the UNSC's lifting of the arms embargo on Somalia in December 2023 to reassert its market dominance.

Due to international banking and customs restrictions, Somalia's import-export business is indirect and depends on intermediaries. The bulk of financial transactions and transhipment logistics are managed from Ankara, Istanbul, Sharjah, Abu Dhabi and Dubai. Most major Somali hawalas maintain branches in these cities. Banking restrictions and impediments to direct international payments are beginning to ease– a welcome development likely to ease and facilitate international trade.

The Chinese Embassy in Mogadishu is reported to be supportive of this trend, informally engaging the capital's business community in a bid to facilitate trade and dismantle bureaucratic barriers.[17] The idea of a Somalia-China trade forum has been touted as beneficial to advance these aims.[18]

15 The Financial Times, *Somalia oil deal for China*, July 2007.
16 Sahan Research interview with energy sector analyst, Nairobi, November 2023.
17 Sahan Research interview with a Somali businessman in Mogadishu, November 2023.
18 Ibid.

Beijing is also eyeing future road infrastructure modernisation, leveraging its history of constructing many of the country's early road networks.

Somaliland and Taiwan

China's increasingly active diplomacy in Somalia cannot be de-linked from Taiwan's ventures in Somaliland. The decision by Taipei to open a representative office in Hargeisa in September 2020 compelled China to launch a two-pronged counter-diplomacy offensive: one to deepen ties with Mogadishu, the other to try to peel Hargeisa away from Taiwan. But multiple visits to Hargeisa by the Chinese Ambassador to Somalia, Qin Jian, have failed to elicit a positive response from Somaliland. Both promises of Chinese aid and veiled threats of negative consequences were firmly rebuffed. Instead, the Muse Bihi administration doubled down, reciprocating Taiwan's initiative by opening a mission in Taipei and posting an envoy there. Both Taiwan and Somaliland have proclaimed a partnership based on shared values of freedom and democracy.[19]

Both Somaliland and Taiwan are *de facto* states, as yet unrecognised, despite protracted campaigns to secure formal international recognition. They are understandably drawn to one another by a sense of shared history and grievance with an 'unfair' international order. Establishing formal diplomatic relations between themselves is one way of registering their discontent, and drawing attention to their thwarted quests for self-determination.

China's initial apprehension about this is likely to have been based on potential military implications of the new partnership, amplified no doubt by mounting tensions in the South China Sea and the Taiwan Straits. A Taiwanese presence so close to China's first and only overseas military base, in Djibouti, would inevitably be interpreted by Beijing as provocative or even hostile. But related tensions have palpably eased over the last year. Hargeisa, aware of the rivalry and the risks of conflict between the two Asian states, appears careful not to become entangled in this geopolitical game. And Taiwan's diplomacy in Somaliland remains exclusively civilian and limited to soft power initiatives, such as donations of medical aid.

B. Russia: Security implications

Russia, unlike China, appears to lack an overarching and coherent policy on Somalia, partly because it has no significant commercial or pressing national security interests to protect. Its focus in recent years has primarily been on Eritrea, Ethiopia and Sudan. Reports of alleged Russian efforts to establish a military footprint in Somaliland occasionally surface– possibly generated by Moscow itself in a bid to inflate its role and ambitions– but there is no concrete evidence for this aspiration.

The war in Ukraine is certainly a major catalyst for Moscow's current attempts at re-engage with the Horn and with Somalia.[20] The grinding stalemate and uncertainty in Ukraine, as well as its resource drain, impose constraints on the Kremlin's ability to restore its Cold War-level diplomatic heft. Beyond Eritrea, there is no evidence of any regional Russian 'success.' In Ethiopia, a historically close ally of Moscow, political elite still look to the West more for partnerships than inspiration.

[19] AFP, Somaliland launches representative office in Taiwan, September 2020.

[20] The country's former President, Mohamed Abdullahi Farmaajo, had made overtures to Russia. In September 2019, Somalia's Ambassador to Russia Abdullahi Mohamed Warsame boldly claimed that Somalis "would like to see the Russians come back." Russia's current Ambassador to Somalia Mikhail Golovanov said in February 2020, however, that "holding joint military exercises with Somalia to combat terrorism has not been considered."

Somalia was among a handful of African states invited to the second Russia-Africa summit in St. Petersburg in July 2023. It was reportedly promised unspecified security assistance as well as free grain, reported at some 25,000 tonnes that was delivered in early December 2023. In the same month, Somalia's Finance Minister announced Russia was writing off USD 684 million of the state's historic debt owed to Russia.[21]

The promise of unspecified security assistance to Somalia remains a focus of debate and concern within and outside Somalia. Russian manoeuvres in Somalia are now being filtered through the lens of Moscow's destabilising role in the Sahel, Lake Chad Basin and central Africa. The core concern is that Russia may seek to replicate such instability in Somalia using the mercenary Wagner Group. This concern is valid, but hard to prove or disprove.

III. Conclusion

China and Russia are still in the initial stages of their forays into Somalia. Engagements are decidedly modest, exploratory in nature, and limited to the projection of soft power. Influential external actors with stakes in Somalia will be keenly watching to see how the entry of these two powerful global players into a highly competitive theatre will reshape the geopolitical landscape and upset the status quo. For Western states especially, focus will be on security implications and the impact on Somalia's fragile state-building and political transition.

China is a different type of geopolitical actor from Russia. It has vast stakes in being protective of its investments, and it is generally more amenable to dialogue and accommodation. The risk of a Sino-Russia axis with the power to destabilise Somalia is remote at this stage. Much is contingent on the outcome of war in Ukraine, and whether China and Taiwan go to war. Nonetheless, it is prudent to remain vigilant and not to dismiss speculation of possible Wagner Group designs on Somalia.

(END)

[21] Reuters, Somalia says Russia grants relief on debt worth $684 million, July 2023.