

Ethiopia buys stake in Dubai-managed Somaliland port

Ethiopia on Thursday acquired a stake in a port in the breakaway state of Somaliland, its operator DP World said, as a legal dispute rages over another major Horn of Africa shipping hub.

Dubai-based DP World last week accused Djibouti of illegally seizing a port that is the main transit route to landlocked Ethiopia, the second most populous African nation.



© evrenkalinbacak via [123RF](#)

More than 90% of Ethiopia's trade passes through Djibouti, located on the Bab al-Mandab strait, the key shipping lane to Europe from the Gulf and Asia beyond.

Under the agreement signed Thursday in Dubai, Ethiopia will own 19% of Somaliland Berbera port, according to a statement released by DP World, which will hold a majority 51% stake.

Representatives from Somaliland were in Dubai for the signing of the deal, which will leave their self-declared state with a 30% stake in Berbera port.

Somaliland is not recognised by the international community despite 25 years of de facto independence from the rest of war-torn Somalia.

Developing infrastructure

Ethiopia will invest in developing infrastructure at the Berbera corridor as a trade gateway for the inland country, the statement said.

DP World has also pledged to invest \$442m (360 million euros) to develop Berbera, strategically located on the Gulf of Aden coast near the entrance to the Red Sea.

The group, one of the world's largest port operators, won a 30-year concession for the management and development of a multi-purpose port project at Berbera in 2016.

Before Thursday's agreement, DP World owned 65% of the project and Somaliland held the remaining 35%.

DP World last week announced it planned to seek international arbitration against Djibouti, after the tiny state terminated its 50-year concession at the Doraleh container terminal.

The Dubai government has also publicly criticised the decision by Djibouti, which is home to military bases of the United States, France, Italy, Spain, Saudi Arabia, Japan and China.

The Chinese base is immediately adjacent to the Doraleh terminal.

Doraleh is the terminus for a Chinese-built railway, which opened in 2016, linking Djibouti with the Ethiopian capital Addis Ababa.

DP World, which operates 78 marine and inland terminals in 40 countries, is also focused heavily on concession deals for ports in war-torn Yemen and across the Horn of Africa.

Source: AFP

For more, visit: <https://www.bizcommunity.com>