

In January 2021, China Merchants Holdings International (CMHI), the Chinese largest port operator, currently owning a 23.5% stake in the port of Djibouti, announced the [signing of a deal](#) with the Great Horn Investment Holding (GHIH), a company wholly owned by Djibouti Ports and Free Zones Authority (DPFZA), for a \$3bn expansion of the Djibouti port.

On 20 May the Kenya government [operationalized the Port of Lamu](#), a key infrastructure project included by the Kenyan “Vision 2030” strategy, with the inauguration of the first of the total 32 berths planned for construction. On 29 June Ethiopia, Kenya and South Sudan signed the terms of reference for the [establishment of a Steering Committee](#) aimed at giving strategic direction and support implementation of the Lamu Port, South Sudan, Ethiopia Transport Corridor (LAPSSET) Program, the corridor project that is supposed to grow integration between the three East African countries by opening a gateway for increased trade.

On 25 June 2021, a new container terminal at the Berbera Port, in Somaliland, was [inaugurated](#) by DP World and officially opened to commercial traffic, with expansion works still ongoing aiming at increasing the port’s handling capacity to two million TEUs annually. On 7 July 2021, for the first time in 20 years, an Ethiopian vessel docked at the Port of Berbera, marking the commencement of a regular liner service to this port.

Tanzania, on the other hand, signed a framework agreement in 2013 with CMHI to construct a deep waters seaport in Bagamoyo. Construction works initiated in 2018, but they were interrupted about 1 year after, due to a disagreement between China and Tanzania on the terms of the \$10 billion loan given by China for the development of the Bagamoyo port project, defined by the Tanzanian government as “

[exploitative and awkward](#)

”. On 26 June 2021, President Samia Suluhu Hassan

[announced](#)

during a gathering with the private sector in Dar es Salaam that the government of Tanzania re-started negotiations with China for reviving the Bagamoyo port project.

The port competition arena in East Africa continues to expand, in an attempt by coastal countries such as Djibouti, Somaliland (Somalia), Kenya and Tanzania to conquer the role of the main trade and transport hub in East Africa and in the Great Lakes region. Meanwhile,

Mombasa (Kenya), Dar es Salaam, Tanga and Mtwara (Tanzania), are conducting expansion, modernization and upgrading work to increase their capacity to accommodate big ships and remain competitive. Kenya has also [announced](#) incentives to encourage more shipping lines to use the Mombasa and Lamu ports which include VAT exemptions, exemptions from import and excise duties on fuel supplied to shipping lines, as well as exemptions and reductions of some import levies such as the [railway development levy and the import declaration fee](#).

The Bagamoyo port, located about 75 km north of Dar es Salaam, will be linked to the Central Corridor, as well as to a 2,561 km railway line currently under construction to connect the port of Dar es Salaam to Tanzania's land-locked neighbours (Rwanda, Uganda, Burundi, and Eastern DR Congo) and to the TAZARA (Tanzania-Zambia) Railway. With its scheduled capacity to handle twenty times more cargo than the Dar es Salaam port, the Bagamoyo port will pose a great risk to the current dominance of Mombasa port in East and Central africa. The project, however, is estimated to take about 30 years to reach its full potential.