

According to some sources of information circulating on [internet](#) , the Ethiopian government has been excluded as a shareholder in the port of Berbera for failing to complete on time the stake acquisition process. In March 2018, Ethiopia government concluded an investment agreement with DP World (which operates the port since March 2017) and the Somaliland Port Authority for jointly participating to the development of the port. In the Agreement, the three stakeholders committed to acquire shares of 51 percent (DP World), 30 percent (Somaliland Port Authority) and 19 percent (Ethiopian government) of the port. Now the Somaliland authorities announced that Ethiopia's 19% stake will be bought out in part by DP World (14%) and in part by the Somaliland Port Authority (5%).

The participation to port development projects in adjacent coastal countries through the acquisition of shares therein is foreseen by the [National Logistics Strategy of Ethiopia](#) , that prioritized this action as a move to reduce logistics costs in the country.

According to such a strategy, "...joint development of ports with countries having access to the sea, expansion of dry ports and inland water transport services and strengthening the logistics system will be the key priorities" (of the Ethiopian government).

Ethiopia has engaged in the latest years in a port diversification strategy whose objective is to reduce its over-reliance on the Djibouti port and spur competition between ports in the Horn of Africa in an attempt to trigger a process that will ultimately lead to decline of the high port fees that Ethiopian traders use to pay to neighbouring coastal countries in the region.

Other information circulating on [media](#) argue that Ethiopia is also considering a participation in the development of Port Sudan as an optional sea outlet for serving its continually growing market. So far this port has been used by Ethiopia predominantly for exporting agricultural commodities (e.g., sesame) to the Middle East and Europe, while it has rarely been used for imports, whose total volumes are about four time bigger than the country's exports. The [African Development Bank](#) is also funding a feasibility study for developing a Standard Railway Gauge (SGR) railway line from Port Sudan to Ethiopia through the border town of Metema (expected to be completed end of 2022) that will ultimately open up the possibility to develop multimodal transport solutions between the two countries capable of further driving down logistics costs in Ethiopia.

Ethiopia loses 19% stake in the port of Berbera

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The utilization of the Port of Berbera by Ethiopian traders has progressively grown in the last year mainly for trade of break-bulk goods (khat, cement and fruits), and is expected to further grow in the next month due to the ongoing completion of a 250-kilometre dual carriageway road linking Berbera to the border town of Togochole, a project funded by the [Abu Dhabi Fund for Development](#) (ADFD).