



Notes on the Port of Berbera, Somaliland

Jeffrey Mason – January 2020

- DP World launched a [joint venture](#) with the Somaliland government in May 2016 to expand the port and allow DP World to operate the port for 30 years (plus an automatic 10-year extension). Stated investment value of \$422 million by DP World.
- DP World 400-meter container terminal at Berbera (\$120 million investment) set to [open in January 2021](#).
 - [400-meter container terminal](#), 250,000 sq meter yard extension, gantry cranes and reach stackers for containers. Goal is to create a regional trade hub and lay the groundwork for a free zone. Total possible concession area is 4.25 sq km, 11 sq km available for the free zone.
 - In addition to this first phase of investment at the port, the UAE and UK have financed a road between Berbera and Wajaale (on the border with Ethiopia), runs either through or near Hargeisa, capital of Somaliland. Prior to this, there was only one poorly maintained road connecting Ethiopia to Berbera.
 - In an agreement with Somaliland, Ethiopia will be routing more of its cargo traffic through Berbera in place of Djibouti.
 - UAE also given permission to build a [military base](#) alongside the Berbera Port.
- Berbera Port management company [ownership distribution](#): 51% DP World, 30% Somaliland, 19% Ethiopia. The original ownership split was 65% DP World and 35% Somaliland, [new deal](#) including Ethiopia was struck in March 2018.
- Somalia has [banned](#) DP World from operating in the country, stating that the agreement with Somaliland is null and void. No clear mechanism to enforce this.
- DP World's Doraleh Container Terminal in Djibouti was [seized](#) in 2018. Djibouti refuses to compensate DP World for the nationalization despite losing several times in international arbitration. Djibouti has since turned over control of Doraleh to China. Berbera is a response by DP World to remain involved in the region despite the failure in Djibouti.
- Berbera emerging as a challenge to Djibouti's dominance as a trade hub in the Horn of Africa.
 - Good summary [here](#) of Ethiopia's strategic thinking around Berbera, as well as that of the Gulf Arab States.

- Ethiopia wants to reduce dependence on Djibouti for trade, especially since anything benefiting Eritrea seen as a loss for Ethiopia.
 - Ethiopia has taken strong efforts to court the Gulf Arab States and shift their focus away from Eritrea.
 - Gulf Arab States have a strong military and political interest in the area given the conflict in Yemen and the strategic importance of the Bab al-Mandab Strait
- Berbera seen as a possible [alternative base](#) for the United States as China increases its presence in Djibouti. Chinese debt now accounts for 71% of Djibouti's GDP, which comes with significant political influence.
 - In terms of project socialization: DP World entered into a [partnership](#) with the Abaarso School of Science and Technology, the only American accredited school in Somaliland. Two scholarship programs— one for high performing Somali students to attend Abaarso and one for women from the Sahel region to attend Barwaaqo University's School of Education, founded by Abaarso as the first all-female boarding university in Somaliland.