

23 February 2018, 19:00 GMT

DJIBOUTI PORTS AND FREE ZONES AUTHORITY STATEMENT ABOUT DCT

On 22 February 2018, the Government of Djibouti cancelled its contract with DP World for Doraleh Container Terminal (DCT) concession.

The Government of Djibouti took this decision in light of the recent poor performance of the DCT, and to rectify irregularities in the agreement covering its operation:

- Contrary to the statement released by the Government of Dubai, the agreement for was not for DP World to design, build and operate DCT - what is often referred to as 'BOT' - but a joint venture between DP World (33.33% of the shares) and Port Autonome International de Djibouti (66.66% of the shares).
- Since 2008, DCT has achieved only 57% of its total volume, despite operating in a favourable import-export environment.
- In the meantime, DP World developed other ports in countries close to Djibouti and used aggressive tactics such as the deliberate slowing of the development of DCT in favour of their main asset at Jebel Ali.
- The original agreement, which contained a number of irregularities, excluded Djibouti from decision-making processes and the management of the company.

Negotiations undertaken in good faith by the Government of Djibouti and its representatives to find a solution to this situation, going back six years, were rejected by DP World. These efforts had included the establishment of dedicated working groups, and the use of international legal assistance.

Last month, DPFZA engaged DP World in detailed discussions, with a view to finding a good faith settlement that included the purchase of DP World's stake. DP World declared their desire to sell their shares in DCT, but subsequently added an additional restriction on Djibouti developing new ports on its territory. This condition, which poses a serious threat to Djibouti's national sovereignty, was rejected by the Government of Djibouti.

In response, the Government of Djibouti has now asserted its legal right to assume management of the DCT. DCT has now been placed under the authority of the Doraleh Container Terminal Management Company (DCTMC), a fully state-owned company that will be managed by DPFZA. The port will be managed and developed in line with DPFZA's strategy to develop Djibouti as a world-class trade and logistics hub, building on its existing position in the region.