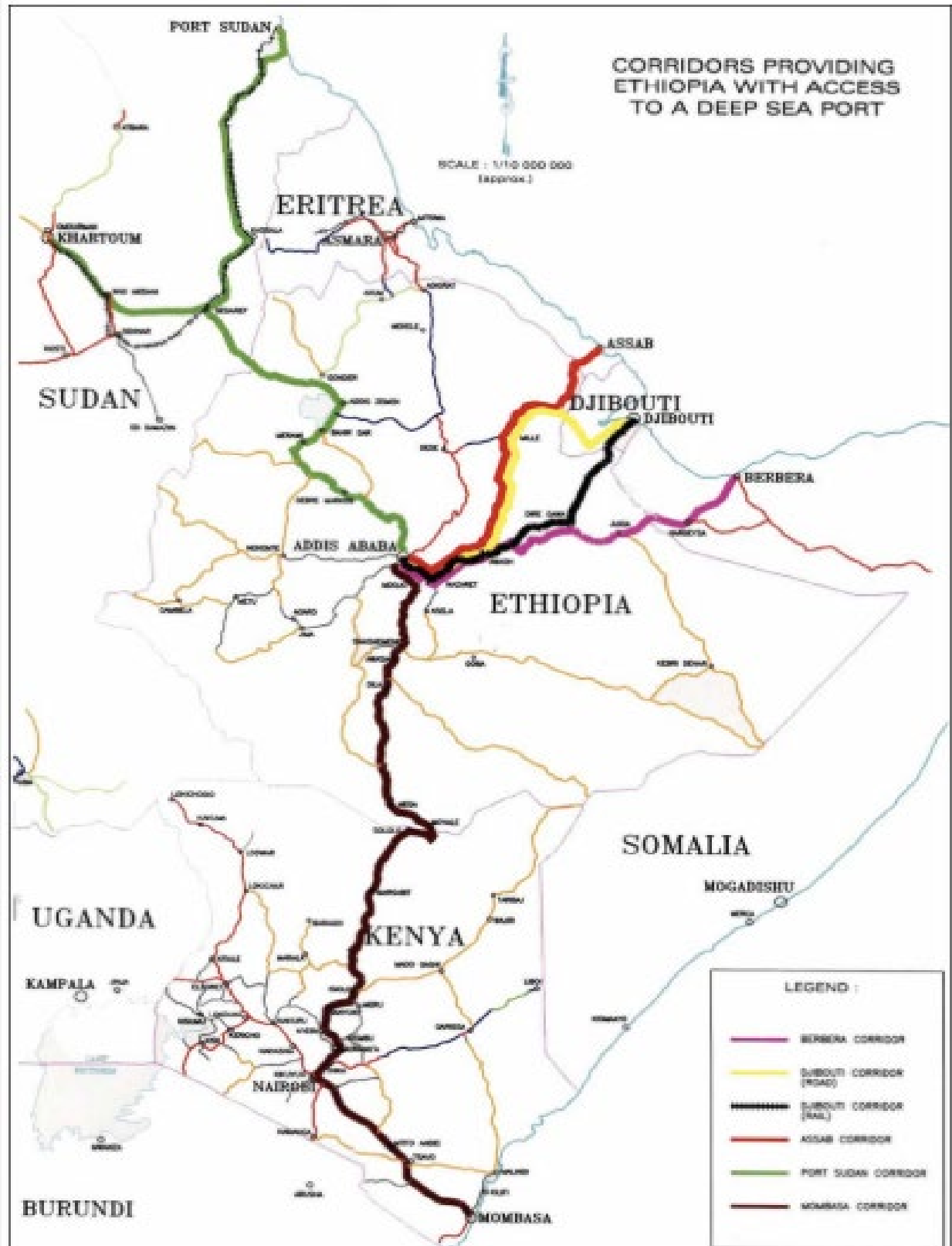


## 10. Bilateral Transport and Transit Corridor Agreements

### 10.1 Summary of Corridors Serving Ethiopia

Figure 10.1: Map of Trade and Transport Corridors serving Ethiopia



### **Berbera Corridor – Berbera-Jijiga = 318km + Jijiga-Modjo = 549km**

- Advantages: - port and road Infrastructure, economic growth of Ethiopia
- Disadvantages: - relative late comer; inadequate customs, transit, transport and logistics systems; no railway; inadequate border facilities; no Somaliland Government framing policy.

### **Djibouti Corridor (Djibouti – Modjo = 823km)**

- Advantages: - port infrastructure; economic growth of Ethiopia, SGR, efficient transit system
- Disadvantages: - capacity, costs, road infrastructure, inefficient use of SGR

### **Eritrea Corridors (Modjo – Massawa = 1,245km, Modjo – Assab = 811km)**

- Advantages: - Historical ports for Ethiopia and (Assab) close to Ethiopia
- Disadvantages: - political will, infrastructure, access (Massawa), systems

### **Port Sudan (Modjo – Port Sudan = 1,840km)**

- Advantages: - proximity to Ethiopia northern region
- Disadvantages: - infrastructure, systems

### **LAPSSET and Mombasa Corridors (Mombasa - Modjo = 1,905km)**

- Advantages: - good infrastructure (road and port), OSBP at Moyale
- Disadvantages: - distance, congestion at Mombasa

## **10.2 Djibouti Corridor – Agreements in Place**

Steps are being taken to establish an Ethio-Djibouti Corridor Management Institution and, in this process, there will be a need to put in place a Bilateral Agreement to assist with the governance of the Ethio-Djibouti Corridor. But there are already bilateral agreements between Ethiopia and Djibouti in place that cover transport, transit, customs procedures and port utilisation as follows:

- Djibouti Port Utilisation Agreement (13<sup>th</sup> April 2002)<sup>30</sup>.
- Preferential Investment Facilitation and Property Acquisition Agreement (18<sup>th</sup> November 2006).
- Customs Transit Protocol Agreement (9<sup>th</sup> April 2008).
- Agreement on the Implementation of the Multimodal Transport System (24<sup>th</sup> April 2010).
- Road Transport Services Agreement (7<sup>th</sup> November 2011).
- Bilateral Agreement for the Ethio-Djibouti Railway (8<sup>th</sup> December 2016).

## **10.3 Berbera Corridor -Agreements in place**

### **Berbera Port Utilisation Agreement**

The *Bilateral Agreement between the Government of the Federal Republic of Ethiopia and the Government of Somaliland for Utilization of the Port or Berbera and Services to Cargoes*

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<sup>30</sup> Article 33.1 of the Djibouti Port Utilisation Agreement makes provision for Ethiopia and Djibouti “to establish a joint Ministerial Committee which shall be composed of Ministers responsible for port, transit, transport, customs and other related matters that shall meet every six months alternately in Addis Ababa and in Djibouti. Either Party may request for an interim consultation as deemed necessary.”

*in Transit* (the Berbera Port Utilisation Agreement), signed on 31<sup>st</sup> March 2016, updates the agreement signed in 2005 and makes provision for a Joint Corridor Management Authority that will meet every six months and a Joint Operational Committee.

The Agreement also makes the following provisions:

- Somaliland shall allow goods originating from, and destined to, Ethiopia to transit through the port of Berbera free of taxes and Customs duties.
- Port of Berbera shall give priority to Ethiopian transit cargo in accordance with the port regulations.
- The Parties shall take all the necessary measures to guarantee the fast forwarding of traffic and avoid unjust delays to the flow of goods through their territories.
- The adoption of a list of designated transit transport routes by separate agreement.
- Designation of frontier posts by separate agreement.
- Harmonising systems regarding frontier facilities for goods in transit.
- Provision of the normal commercial ships' services to Ethiopian ships and ships carrying cargo destined to Ethiopia.
- A grace period of 15 days for port dwell times, charges applied up to 120 days and classified as abandoned cargo after 120 days, with Ethiopia to collect abandoned cargos within 30 days of this being designated as abandoned cargos.
- Reefers have zero storage period, and if not collected within 30 days will be classified as abandoned cargos.
- The Parties undertake to simplify and harmonise documentation procedures relating to transit.

The Agreement allows for only two checkpoints for transit traffic – one at the port and one at the border.

Provisions are made to utilise the Multimodal as well as the Unimodal systems, with the involvement of ESL (previously ESLSE).

Under the Agreement, Somaliland has the right to introduce changes to port regulations and tariffs (which are listed in Annex 1 to the Agreement) but need to give 60 days' notice.

### **MoU between the Ministry of Transport and Logistics and DP World**

The Ministry of Transport and Logistics of Ethiopia and DP World signed a Memorandum of Understanding (MoU) which opened up the possibility of concluding an agreement in which DP World and its partners would invest up to USD1 billion in developing supply chain infrastructure along the Berbera corridor over a ten-year period. The proposed investment would be in dry ports, silos, warehouses, container yards, cool and cold chain depots, freight forwarding and clearing activities, in parallel with the implementation a digitised supply chain management system.

The MoU envisages the establishment of a joint venture logistics company to perform logistic operations from origin to destination.

The MoU also envisages that the Ministry of Transport and Logistics will remove regulatory obstacles facing the Ethiopian side of the Berbera Corridor.

## 10.4 Port Sudan Corridor

### Port and Corridor Utilisation Agreements with Ethiopia

The *Protocol Agreement on Port Sudan Utilization Agreement between the Government of the Federal Democratic Republic of Ethiopia and Government of the Republic of Sudan* (the Port Sudan Utilisation Agreement), makes provision for:

- Guaranteeing Ethiopia the permanent right of access to the sea and unhindered freedom of transit through Sudan in respect of goods and cargoes originating from or destined to Ethiopia;
- Guaranteeing Ethiopia use of installations and equipment at Port Sudan;
- The right of Ethiopia to have a free-zone facility within the port facilities of Port Sudan;
- Preferential tariffs for Ethiopia;
- The right for Ethiopian institutions or organisations (public and private) to establish offices to carry out transit and port services or facilitate/coordinate transport;
- Documents required for clearing of Ethiopian transit cargo through Port Sudan
- Sudan giving Ethiopia 90 days' notice of any changes it proposes to make in port regulations, tariffs or other payments and procedures affecting Ethiopian cargo or ships carrying Ethiopian cargo;

The Port Sudan Utilisation Agreement also provides for length of stay in the port, which is free of storage penalty charges, but this is amended continuously.

The Port Sudan Utilisation Agreement also makes provision for port handling charges and dues which are also continuously amended.

## 10.5 LAPSSET Corridor

The Lamu port, South Sudan and Ethiopia (LAPSSET) Corridor project has the following components:

- A port at Manda Bay, Lamu;
- Standard gauge (1,435 mm (4 ft 8+1/2 in)) railway line to Juba and Addis Ababa
- Road network
- Oil pipelines (South Sudan and Ethiopia)
- Oil refinery at Bargoni
- Three airports
- Three resort cities (Lamu, Isiolo and Lake Turkana shores)

On 1 April 2013, Kenya's government announced the setting up of a government agency, the LAPSSET Corridor Development Authority (LCDA) to manage the project on behalf of the Kenyan government. The cost of the project was also put at KSh.2.5 trillion (USD29.24 billion).

Kenya and Ethiopia signed a Bilateral Agreement to jointly pursue the development of the LAPSSET Standard Gauge Railway. A Memorandum of Understanding (MoU) was signed between LCDA and IGAD to facilitate the financing of feasibility and preliminary design studies through the Infrastructure Project Preparatory Fund (IPPF).

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