STATEMENT FROM DJIBOUTI PORTS
AND FREE ZONES AUTHORITY (DPFZA)

Djibouti, 13 July 2018 – **Contrary to the unfounded claims made yesterday by DP World, the opening of the Djibouti International Free Trade Zone (DIFTZ) is fully in line with international laws and standards. The opening of the DIFTZ does not violate DP World's contractual rights in any way.**

Aboubaker Omar Hadi, Chairman of DPFZA, said: "DPFZA deeply regrets the repeated, misleading comments from DP World. DP World seems to be engaged in a sustained but futile campaign to misrepresent the facts. DP World's stubborn behaviour and attitude towards Djibouti, including its attempt at rent-seeking in regard to the operation of Doraleh Container Terminal (DCT), has had no place on the African continent since the end of colonisation."

"It should be recalled that DP World did not exist outside of Dubai before its agreement with Djibouti in 2000, which was its first deal outside of its home territory. Dubai Ports International was only created at that time, whereas Djibouti has been managing ports for many years due to its highly strategic location and long history as a maritime nation.

"DPFZA continues to develop a world-class trade and logistics hub, thanks to long-standing links with major international businesses. Djibouti remains committed to undertaking fair business partnerships with companies from around the world. The recent opening of the DIFTZ shows Djibouti is becoming a leading investment destination in Africa and for Africa."

ENDS

***

Background on cancellation of the Doraleh Container Terminal (DCT) concession agreement

The Doraleh Container Terminal (DCT) concession agreement between DPFZA and DP World was cancelled in February 2018 due to severe irregularities that threatened the national interest and sovereignty of Djibouti. DP World did not run DCT to the best of its ability in spite of a favourable business context. In fact, DP World deliberately allowed DCT to underperform to the advantage of its other assets in the region.

A cancellation due to severe irregularities in DCT concession agreement

- DP World's monopoly to develop seaports and free zones at will on Djibouti's entire territory was not acceptable. It was blocking fair competition and hijacking the development of maritime infrastructures on the world's second busiest sea route, with serious consequences for Djibouti's national economy.

- The cancellation of the Doraleh Container Terminal (DCT) concession was also due to severe governance irregularities in the original agreement, which enabled DP World to deliberately maintain the terminal in a state of underperformance.

- During the 10-year agreement with DP World (2008-2018), DCT achieved only 57% of its planned capacity. Despite operating in a favourable import-export environment and being located on one of the world's busiest maritime routes, DCT was half empty. Since 22 February 2018, under new management of the terminal, container traffic has already increased by 32% and productivity has improved.

- The agreement with DP World excluded Djibouti from decision-making processes and the management of the company, despite Djibouti being the majority shareholder (66.6%).

- Contrary to international standards for infrastructure projects, the former agreement did not provide Djibouti with any powers to monitor – and thus ensure - the proper performance of an asset which is strategic for its economic development. Concretely, Djibouti had no control over DCT and no right to information over the performance and tariffs. This biased governance scheme was unsustainable for DPFZA and the Government of Djibouti.

- DP World was in a situation of conflict of interest, as it operated (and plans to operate in a near future) other port facilities that are or will be direct competitors to the DCT. The situation severely threatened Djibouti's national interest, especially as it was combined with an absolute monopoly to develop seaports and free zones on Djibouti's entire territory.

DP World wanted to retain DCT solely to freeze the asset

- Djibouti has always showed willingness to find a solution and engaged in negotiations in good faith. However, it is clear that DP World was not interested in negotiating, nor in running a profitable business in the country, but rather wanted to retain DCT solely to freeze the asset.

- In January 28, 2018, at the last meeting between the DPFZA and DP world, the head of DP World had declared his desire to sell their shares (33.3%) in Doraleh Container Terminal. DPFZA requested DP World to remain on the JV company (DCT), with win-win clauses and a bright future for the two parties. However, DP World asserted the option to sell to a third party, with the same monopoly conditions and only on the condition that Djibouti no longer develop new ports on its own territory. This condition would have been a serious threat for the economic development of Djibouti as a sovereign state and thus was not acceptable.

- Later, DPFZA offered DP World to remain in the DCT joint venture, with win-win conditions for the future of both parties in the long term. DP World declined this offer.

The cancellation was undertaken within a clear legal framework

- Djibouti's cancellation of the DP World contract has been undertaken within a clear legal framework, in line with international standards.

- The DCT loan was fully paid back in June 2017, and in addition DP World will be fairly compensated on future earnings for the remaining years of the concession.

- The Doraleh Container Terminal is now under the sole authority of Doraleh Container Terminal Management Company (Société de Gestion du Terminal à Conteneurs de Doraleh – SGTD), with the State of Djibouti as the sole shareholder.