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# Reshaping East African Trade: How Saudi Arabia's Bagamoyo Port Deal Changes the Game



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## Abstract

Saudi Arabia's acquisition of the Bagamoyo port in Tanzania represents a strategic move aimed at enhancing its economic and geopolitical influence in East Africa. This initiative, part of a broader "East Gate" project, aligns with the Kingdom's Vision 2030 goals of diversifying its economy away from oil dependency and solidifying its position as a major commercial and logistical hub. The port, a vital link between the Indian Ocean and the African continent, is poised to boost trade, expand Saudi investment projects abroad,

and provide the Kingdom with direct access to new markets. The acquisition is expected to stimulate the Tanzanian economy by attracting foreign investment, developing critical infrastructure, and creating employment opportunities. However, this move also positions Saudi Arabia within a competitive regional landscape, alongside established players like China and India, signaling a strategic shift in the geopolitical dynamics of East Africa.

## Introduction

In a strategic move to strengthen its economic presence in East Africa, Saudi Arabia has acquired the Bagamoyo port in Tanzania. This acquisition is a cornerstone of the "East Gate" project, an initiative designed to diversify Saudi income sources and expand investments in global infrastructure and maritime transport.

The deal was confirmed by Hassan bin Majed Al-Huwizi, President of the Saudi Chamber of Commerce, who announced that Tanzanian authorities had granted concession and acquisition rights to the Saudi African Investment and Development Company. Speaking at the

Saudi-Tanzanian Business Forum, Al-Huwizi emphasized that this move supports Saudi Arabia's role as a driver of global economic development and its efforts to expand international investments, particularly in Africa. The acquisition leverages the Kingdom's extensive expertise in the logistics sector to develop maritime infrastructure in East Africa, enhancing the region's position as a global commercial hub and creating significant investment opportunities in vital sectors such as energy, mining, trade, and manufacturing.

## The Bagamoyo Port: A Troubled Past, A New Future

The Bagamoyo port is a strategic asset on the East African coast. Located 74 kilometers north of Tanzania's bustling commercial capital, Dar es Salaam, the project was envisioned as a mega-port capable of transforming regional trade and logistics.

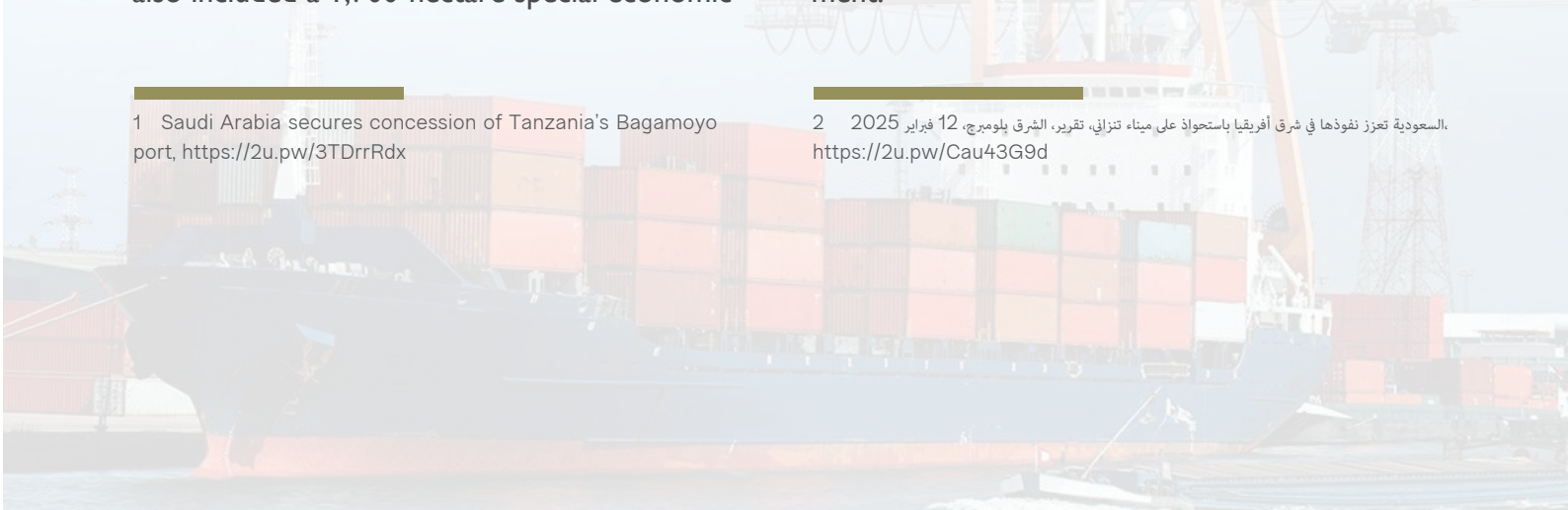
The project was initially launched in 2013 as a partnership between the Tanzanian government, China Merchants Holdings International (the largest port operator in China), and financial backing from Oman. With a projected cost exceeding \$10 billion, the port was designed to alleviate congestion at Dar es Salaam and, by 2045, handle approximately 20 million twenty-foot equivalent units (TEUs) annually. The plan also included a 1,700-hectare special economic

zone to stimulate investment in manufacturing, energy, and trade .

However, the project faced significant challenges. In 2019, it was abruptly halted due to disagreements over financing and ownership terms, with China Merchants announcing that years of negotiations had failed to produce a mutually satisfactory agreement. The project remained dormant until 2021, when newly inaugurated Tanzanian President Samia Suluhu Hassan revived it, seeking new investors and revised terms that better aligned with Tanzania's national interests. This renewed push created the opportunity for Saudi Arabia to step in and lead the port's development.

1 Saudi Arabia secures concession of Tanzania's Bagamoyo port, <https://2u.pw/3TDrrRdx>

2 السعودية تعزز نفوذها في شرق أفريقيا باستحواد على ميناء تنزاني، تقرير، الشرق بلمبرج، 12 فبراير 2025، <https://2u.pw/Cau43G9d>





# The Most Prominent Benefits of Saudi Acquisition of the "Bagamoyo" Port



## Saudi Arabia's Strategic Rationale: The "East Gate Project"

Saudi Arabia's acquisition of the Bagamoyo port is a calculated move driven by a convergence of economic, geopolitical, and logistical ambitions, all central to its Vision 2030.

### 1. Economic Diversification and Vision 2030

At the core of this investment is Saudi Arabia's long-term strategy to reduce its reliance on oil revenues. By developing non-oil sectors and expanding its international investment portfolio, the Kingdom aims to build a more resilient and diversified economy. The African continent, with its emerging markets and rich natural resources, represents a key frontier for this expansion. The Bagamoyo port provides a gateway to these markets, creating new channels for Saudi exports and investment opportunities.

### 2. Geopolitical Influence and Regional Competition

The acquisition is also a significant geopolitical statement. As global and regional powers like

China, Turkey, and India increase their presence in Africa, Saudi Arabia is asserting its own influence. By securing a strategic foothold in East Africa, the Kingdom can better protect its interests, counter the influence of rivals, and position itself as a key political and economic partner for African nations. This move signals Saudi Arabia's intent to be an active player in shaping the region's future.

### 3. A Global Logistics Hub

Developing strategic ports like Bagamoyo is central to Saudi Arabia's ambition to become a global logistics hub. The port will not only facilitate the flow of Saudi exports to African markets but also serve as a critical link for exporting raw materials from the continent to the rest of the world. This enhances the Kingdom's role in global trade, increases its competitiveness, and supports the broader goals of initiatives like the Belt and Road, in which Saudi Arabia is a key participant.

3 Saudi Arabia shrugs off involvement in Bagamoyo Port deal, <https://2u.pw/osvLLOB2>

4 لارا أبي رافع، من أهم موانئ تنزانيا... السعودية تستحوذ على ميناء باجامويو، تقرير، المشهد، 13 فبراير 2025. <https://2u.pw/raUuCbP4>

5 Saudi Arabia shrugs off involvement in Bagamoyo Port deal, Report, 14 Feb 2024, Daily News, <https://2u.pw/osvLLOB2>

## Regional and Local Implications

The Saudi acquisition of the Bagamoyo port is expected to have far-reaching impacts on both

the local Tanzanian economy and the broader regional landscape.

## Impact on Tanzania

For Tanzania, the project promises significant economic benefits. It is expected to create new job opportunities in the maritime transport and logistics sectors, stimulate local economic growth by attracting further foreign investment, and dramatically improve the country's infrastructure. By facilitating the movement of goods, the

port will boost commercial activity and contribute to Tanzania's long-term economic development. However, success will depend on effective collaboration between the Tanzanian government and Saudi companies, as well as navigating potential challenges related to local governance and political stability.

## Regional Geopolitical Dynamics

The project will reshape the trade and investment dynamics of East Africa. By activating a new major port, Saudi Arabia will enhance logistical mobility in the region and increase competition among existing ports. This could also lead to political challenges, as other African countries

with strong interests in the maritime trade sector may perceive the Saudi-backed port as a threat to their own ambitions. This heightened competition requires Saudi Arabia to pursue a flexible diplomatic strategy to enhance its influence without provoking regional tensions.







## Conclusion

**T**he Saudi acquisition of the Bagamoyo port is more than a simple commercial transaction; it is a strategic move that lies at the intersection of the Kingdom's economic, geopolitical, and logistical ambitions. As a key component of the "East Gate" project, the port will advance Saudi Arabia's Vision 2030 goals of economic diversification while projecting its influence into the heart of East Africa.

For Tanzania, the project offers a renewed opportunity for economic transformation through infrastructure development and foreign investment. For the broader region, it signals a new era of geopolitical competition and cooperation. The ultimate success of this ambitious endeavor will depend on the ability of both Saudi Arabia and Tanzania to navigate the complex challenges of governance, investment, and regional diplomacy, but its potential to reshape the economic landscape of East Africa is undeniable.