

Research Report



# Somalia's Membership in the East African Community: Opportunities and Challenges

**Somali  
Business**

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in the East African  
Community:  
Opportunities and  
Challenges**

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# Acronyms

<b>AFDB</b>	African Development Bank
<b>AfCFTA</b>	African Continental Free Trade Area
<b>COMESA</b>	Common Market for Eastern and Southern Africa
<b>EAC</b>	East African Community
<b>ECCAS</b>	Economic Community of Central African States
<b>ECOWAS</b>	Economic Community of West African States
<b>FDI</b>	Foreign Direct Investment
<b>HDI</b>	Human Capital Development Index
<b>HCI</b>	Human Capital Index
<b>HIPC</b>	Heavily Indebted Poor Countries
<b>IGAD</b>	Intergovernmental Authority on Development
<b>NEC</b>	National Economic Council
<b>SADC</b>	Southern African Development Community
<b>UNDP</b>	United Nations Development Programme
<b>DRC</b>	Democratic Republic of Congo
<b>REC</b>	Regional Economic Community

# Executive Summary

Somalia's formal inclusion into the East African Community (EAC) on December 15, 2023, is a historic chapter for the East African region—a milestone for both Somalia and the regional bloc. This successful inclusion demonstrates Somalia's commitment to regional integration and the EAC's dedication to expanding the bloc. This report will comprehensively examine the challenging journey of Somalia to the integration, and the country's resilience in overcoming significant internal challenges and meeting the necessary criteria for accession. The analysis focuses on the transformative potential of this membership and how it can offer Somalia an open door to economic prosperity, trade opportunities, and security cooperation.

The report places the inclusion of Somalia into the regional economic bloc within the broader context of African unity and integration, aligning with the goals and aspirations of the African Union's Agenda 2063 and the African Continental Free Trade Area (AfCFTA). It highlights the importance of incorporating Somalia into the regional bloc, bringing economic and geopolitical benefits, and collective answers to shared challenges. However, challenges on both sides—economic disparities, security concerns, and cultural dynamics—are acknowledged.

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**The report offers comprehensive policy recommendations. For Somalia, the priorities lie in strengthening institutions, diversifying the economy, and fostering security collaboration with other partner states. Meanwhile, other EAC members are urged to prioritize allocating resources for Somalia's development, embrace flexibility in harmonization, and promote cultural exchanges. These recommendations are aimed to ensure a seamless integration process, foster inclusive growth, and contribute to the shared strength and prosperity of the regional bloc.**

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# Introduction

Countries across the world have increasingly pursued participation in regional economic integration as a means to stimulate higher economic growth and development (Savchenko et al., 2021). This global pattern underscores the recognition that collaborative economic initiatives with neighboring countries can lead to mutual benefits. For the past decade, Somalia has not been immune to this inclination, expressing a strong interest in joining the EAC. Formed as an economic bloc, the EAC offers member states opportunities for trade, investment, and collaborative development goals (East African Community Secretariat, 2014). Somalia, despite its geographical proximity and acknowledgment of the potential benefits of EAC membership, has faced a challenging journey marred by domestic conflicts and the pursuit of stability, peace, and security (Fidow, 2023).

Driven by the vision of economic prosperity and regional stability following the end of the transitional period, Somalia expressed its strong interest in joining the regional block in 2012 (Al Jazeera, 2023). Despite its aspiration, the country faced challenges as its application was declined by the bloc, citing political instability and conflicts. The desire for EAC membership was based on the belief that integration into the common market and customs union would boost economic growth, attract foreign investment, and revitalize key economic sectors of the country. Market integration, as pointed out by Pasierbiak (2018), acts as a catalyst for the

accumulation of production factors. Moreover, Somalia envisioned that EAC membership could strengthen security cooperation, playing a role in combating internal militias and transnational threats (Jama, 2023). This dual consideration of economic and security benefits underscored Somalia's significant appeal in joining the regional bloc.

Somalia's interest in joining the bloc faced substantial challenges due to its internal struggles. As Albertin (2007) notes, regional economic blocs usually exercise discernment in admitting new members, with existing members holding authority in the decision-making process. The protracted civil war and continuous political turmoil in Somalia proved detrimental, hindering the country from fulfilling the EAC's strict accession criteria. These criteria – including effective institutions, domestic stability, and a market-oriented economy—presented substantial challenges for Somalia. The country's inability to meet these criteria became a significant obstacle to its pursuit of EAC membership, shedding light on the intricate dynamics involved in the accession process.

Somalia persisted in its aspiration to join the regional bloc, and as the country gradually stabilized in the 2010s, its pursuit of membership gained renewed energy and enthusiasm. Markedly, the Government of the Federal Republic of Somalia made significant reforms to strengthen democratic institutions, improve security, and promote economic growth (Ismail, 2023).

These reform efforts enabled Somalia to officially send its application for EAC membership in 2012. The country's commitment to fortifying institutions, improving the security situation in the country, and promoting economic development reflected its commitment to meeting the membership criteria set by the bloc.

Somalia's bid to join the EAC was met with different reactions from the member states. While some member states displayed positive engagement, worries persisted regarding the country's ongoing political instability and the obstacles it faced in fulfilling all the necessary accession criteria. Acknowledging the existing challenges and concerns, the EAC adopted a careful strategy by establishing a comprehensive roadmap for Somalia's accession to the regional bloc (East African Community, 2023). The bloc's comprehensive roadmap and benchmarks for Somalia's inclusion into the bloc show EAC's commitment to ensure that Somalia fully integrates into the bloc after meeting the stated requirements.

December 5th, 2023, stands as a significant and triumphant milestone as Somalia officially joined the EAC. The formal inclusion of Somalia into the bloc came just two days after the International Monetary Fund and the World Bank approved \$4.5 billion in debt relief for Somalia, showcasing the country's commitment to financial reforms under the heavily indebted poor countries (HIPC) (Olad Hassan, 2023). Overcoming significant challenges and years of commitment and efforts, Somalia formally became the 8th

member of the East African Community, representing a historic moment for both the country and the regional bloc. This achievement not only signals Somalia's strides towards stability and economic development but also highlights the growing strength and inclusivity of the regional bloc.

For Somalia, the decision to join the EAC marks a significant move towards reintegration into the international community after decades of political instability and internal conflicts. The membership not only provides the Somali business community with access to a vast market of over 300 million people, fostering trade, and attracting foreign investment, as highlighted by Somalia's National Economic Council (NEC) (2023), but it also opens doors for opportunities for collaboration with the partners of the regional bloc. This collaboration holds the promise of bolstering infrastructure development, enhancing security cooperation, and offering valuable expertise in governance and human rights. These initiatives collectively contribute to potentially advancing living standards, reducing poverty, and enhancing the overall well-being of Somali citizens, signifying a transformative phase for the country.

From the EAC viewpoint, the inclusion of Somalia into the bloc holds significant strategic and economic advantages. Somalia's vast coastline, rich in untapped resources, as said by Somalia's Office of the Prime Minister (2018), opens up new opportunities for maritime trade and resource exploration within the regional bloc.



Furthermore, Somalia's strategic location — the intersection of the Red Sea and the Indian Ocean— enables the regional bloc to play a critical role in both diplomacy and the security of the region, as well as intra-regional trade (Modern Diplomacy, 2023).

Somalia expects the bloc to address the challenges the region is experiencing, including security concerns (East African Community, 2023). Addressing these challenges allows the bloc to play a critical role in promoting peace, security, and diplomacy, strengthening the bloc's already thriving economic and political cooperation. In pursuing this mutually beneficial integration, the bloc has shown its commitment to holistic regional development and collaboration.

Challenges lie on the path to fully integrating Somalia into the bloc. Domestic issues such as infrastructure gaps, institutional weaknesses, and enduring security challenges require meticulous attention. The success of Somalia's accession depends on the effective and diligent implementation of agreed-upon reforms, demanding strong commitment from both Somalia and the bloc's member states. According to Abdullahi (2023), addressing these challenges is critical for the smooth and successful integration of

Somalia into the regional bloc. Despite the obstacles, Somalia's membership in the EAC is a promising new phase (Mohamed, 2024), offering a more integrated, secure, and prosperous future for the entire East Africa region. The journey ahead needs collective efforts, effective collaboration among the member states, and dedication to the bloc's objectives.

The objective of this report is to analyze Somalia's inclusion into the EAC and present a thorough understanding of the historical background of the bloc, alignment of Somalia's inclusion into the bloc with the Agenda 2063 which is currently under the implementation of African Union, and the African Continental Free Trade Area, along with the economic and social benefits linked with the inclusion of Somalia into the bloc. Additionally, the report aims to explore the ways that Somalia can contribute to the EAC's goals, and assess the possible challenges that might be faced by Somalia, and vice versa. Finally, the report provides thorough policy recommendations for both the regional bloc and Somalia to capitalize on the benefits of Somalia's inclusion into the bloc and collectively address the challenges that may arise from this inclusion.



# An Epitome of African Regional Integration

The EAC, originally established in 1967 as a post-independence organization focused on regional integration, is a regional economic community comprising eight partner states in East Africa: The Republic of Kenya, the United Republic of Tanzania, the Republic of Uganda, the Republic of Rwanda, the Republic of Burundi, the Republic of South Sudan, the Democratic Republic of the Congo, and the Federal Republic of Somalia. The founding members, Kenya, Tanzania, and Uganda, established a cooperative history dating back to the early 20th century. The bloc faced challenges and ultimately collapsed in 1977 (Kanakulya, 2015) due to various reasons, including demands by Kenya for more seats than Uganda and Tanzania in decision-making organs, disagreements with Ugandan dictator Idi Amin, who demanded that Tanzania should not harbor forces fighting to topple the government of another member state, and the disparate economic systems of socialism in Tanzania and capitalism in Kenya. This collapse resulted in the loss of over sixty years of cooperation and the benefits of economies of scale.

However, the EAC experienced a revival in 2000, shifting its focus to economic cooperation and integration as a Regional Economic Community (REC) (Dal, 2023), emphasizing a commitment to overcoming the challenges that led to its initial collapse.

Notable additions to the bloc include Burundi and Rwanda, which joined on 6 July 2009; South Sudan, which acceded to the EAC Treaty on 15 April 2016, becoming a full member on 5 September 2016; the Democratic Republic of the Congo, which acceded on 8 April 2022, becoming a full member on 11 July 2022; and Somalia, which acceded on 24 November 2023, becoming a full member on 15 December 2023. The ultimate objective of the bloc is to encourage social, economic, and political integration among its partner states, with the ultimate goal of widening and deepening cooperation among the partner states (The East African Community Secretariat, 2014).

**Table 1: Facts about the EAC**

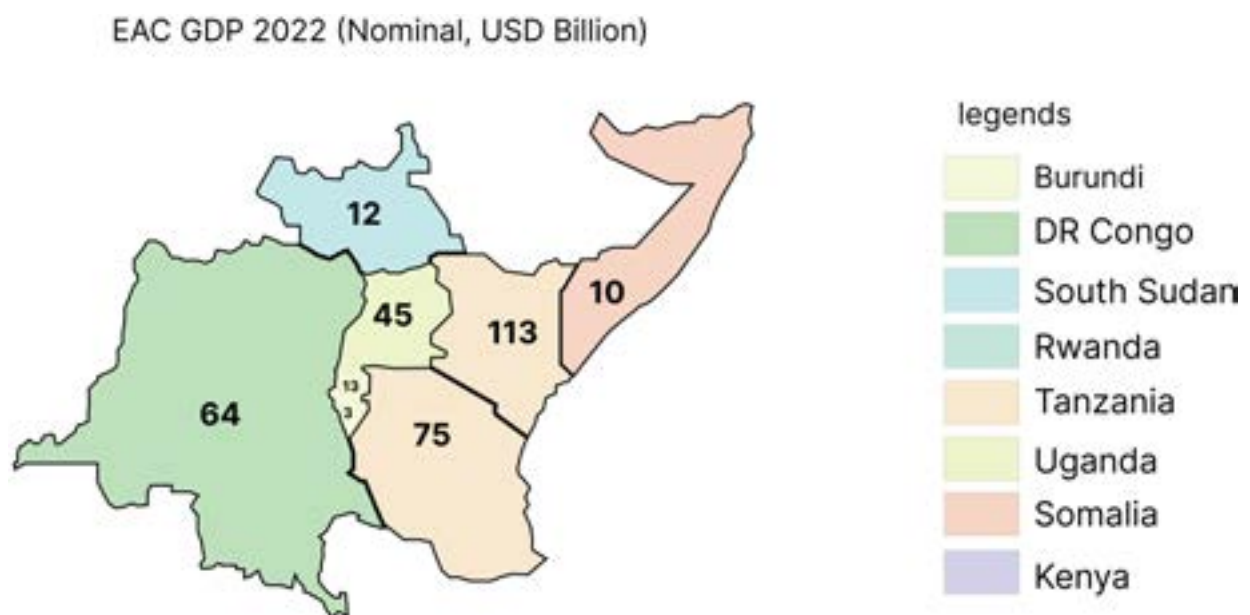
Category	Details
<b>Area (incl. water)</b>	5.4 million sq. km
<b>Population</b>	301.8 million (2021)
<b>GDP (current market prices)</b>	US\$ 312.9 billion (2021)
<b>EAC Headquarters</b>	Arusha, Tanzania
<b>First established</b>	1967
<b>Re-established</b>	2000
<b>Official languages</b>	English, Kiswahili, French
<b>Summit Chairperson</b>	H.E. Salva Kiir Mayardit
<b>Council Chairperson</b>	Hon. Deng Alor Kuol
<b>Secretary-General</b>	Hon. Dr. Peter M. Mathuki

Source: EAC Official Website

**Table 2: Key EAC Dates**

Date	Details
1967:	EAC first established
1977:	EAC dissolved
30 November 1993:	Signing of Agreement for the Establishment of the Permanent Tripartite Commission for East African Co-operation
14 March 1996:	Secretariat of the Permanent Tripartite Commission launched, full co-operation operations begin
7 July 2000:	Treaty for the Establishment of the East African Community enters into force
18 June 2007:	The Republic of Rwanda and the Republic of Burundi accede to the EAC Treaty
1 July 2007:	Rwanda and Burundi become full members of the EAC
20 November 2009:	Protocol for the Establishment of the EAC Common Market signed
30 November 2013:	Protocol for the Establishment of the EAC Monetary Union signed
15 April 2016:	The Republic of South Sudan accedes to the EAC Treaty
5 September 2016:	The Republic of South Sudan becomes a full member of the EAC
20 May 2017:	EAC Heads of State adopt the Political Confederation as a transitional model of the East African Political Federation.
8 April 2022:	The Democratic Republic of the Congo accedes to the EAC Treaty
11 July 2022:	The Democratic Republic of Congo becomes a full member of the EAC
15 December 2023:	The Federal Republic of Somalia accedes to the EAC Treaty
04 March 2024:	The Federal Republic of Somalia becomes a full member of the EAC

Source: EAC Official Website



Source: World Bank

The EAC is the most integrated and economically performing regional bloc in Africa. According to the African Development Bank's 'East Africa Economic Outlook 2023' Report, the regional bloc exhibited commendable economic performance, recording an average GDP growth of 5.1% in 2023. The AFDB foresees sustained growth, with a projected GDP growth of 5.8% in 2024. These economic statistics highlight the economic vitality and vibrancy of the regional bloc and suggest a positive trajectory for its sustained growth.

According to the EAC Secretary General, Peter Mathuki (2023), trade dynamics within the bloc showed strong performance, with intra-EAC trade hitting \$10.9 billion in 2022. With increased trade outside the bloc, the EAC's biggest trade partners have seen shifts. Key observation highlights a remarkable 81.9% rise of EAC imports for the UAE reaching \$8.01 billion, coupled with increased imports from China, India, and the USA. In terms of exports, EAC partner states have experienced an expansion in trade with the Economic Community of West African States (ECOWAS), showing a 48.5% increase to \$136.1 million, and with Japan, experiencing a 35.9% rise to \$188.2 million (Anyanzwa, 2023). Despite efforts to eliminate non-tariff barriers, intra-bloc trade stands at a mere 20% share of intra-trade to global trade. The regional bloc has set its sights on resolving barriers and boosting intra-regional trade in the coming years.

According to the African Development

Bank (AFDB) (2023), the EAC experienced a significant surge in inflation throughout 2023, averaging approximately 14.5%. Inflation has increased for the second year in a row, mainly due to global factors such as escalating food and energy prices caused by the Russia-Ukraine war and disruptions in the global supply chain. Additionally, devaluing currencies within the bloc further exacerbated the situation (Ubwani, 2023). Although, according to Herbling (2024), some countries in the bloc like Kenya succeeded in controlling inflation through interest rate hikes, the regional bloc as a whole faced substantial economic challenges due to this inflationary pressure, with overall economic growth slowdown and a rise in debt vulnerabilities. Despite forecasts indicating a gradual easing of inflation in 2024, managing its long-term consequences will remain a critical task for the bloc's partner states.

The bloc is among the regions in the continent with significant Foreign Direct Investment (FDI), attracting \$8.5 billion in 2022, with manufacturing, infrastructure, and telecommunication being the key sectors to attract FDI. These attractive economic sectors indicate the diverse economic opportunities in the bloc, despite continuous challenges. The significant inflow of FDI that the region attracted in 2022 reflects the bloc's commitment to collaboration with other countries, economic development, and stability, making it a key FDI destination in the continent.

The EAC is the most integrated African regional bloc compared to other regional economic blocs in the continent (East African Community, 2020). This exhibits the distinctive positive characteristics that the bloc has despite challenges. The bloc emphasizes a gradual and phased approach to integration, which makes it unique. It has incrementally advanced, evolving from custom union to full market integration. The other notable ongoing initiative is the bloc's process of monetary union and political federation. This

calculated process of political federation and monetary union allows the partner states to gradually acclimate the integration process. In contrast, the process and the timeline of integration of other regional blocs such as ECOWAS and the Southern African Development Community (SADC) are tailored to their own needs, priorities, dynamics, and preferences. This shows that each regional bloc has pursued its path of development in a manner that is suitable for its partner states' needs, objectives, and preferences.

**Table: Comparing EAC to other African Regional Blocs**

Feature	EAC	ECOWAS	IGAD	SADC	Arab Magrip Union	ECCAS
<b>Established</b>	2000	1975	1986	1992	1989	1994
<b>Members</b>	8	15	8	16	5	11
<b>Region</b>	East Africa	West Africa	East Africa	Southern Africa	Northern Africa	Central Africa
<b>GDP</b>	\$668 Billion	\$816 Billion	\$394 Billion	\$720 Billion	\$382 Billion	\$324 Billion
<b>Population</b>	301 Million	424 Million	230 Million	389 million	102 Million	149 Million
<b>Main Objectives</b>	Economic Integration, Political Federation, Monetary Union	Economic Integration, Peace and Security, Regional Development	Peace and Security, Development, Humanitarian Assistance	Economic Integration, Poverty Reduction, Regional Development	Economic Integration, Cultural Exchange, Security Co-operation	Economic integration, Peace and Security, Environmental Protection
<b>Unique Features</b>	Common Market, Political Federation Aspirations	Monetary Union, Large Population Size	Focus on Peace and Security	Large Economy, High GDP	Geographically Compact, Cultural Homogeneity	Focus on Central African Development Challenges

Source: author compilation

The other distinctive feature that sets the EAC apart from other regional blocs is its stated focus on infrastructure development and regional connectivity (Dal, 2023). The East African Railways Master Plan and the Northern Corridor Integration Projects are among the proposed infrastructure development initiatives, making the bloc a continental model for regional transportation and communication. This infrastructure development initiative will help the bloc reduce trade barriers, promote economic development, and foster cooperation among member states. This approach makes the bloc committed to robust connectivity and integration, and it is an example of the bloc's recognizing the importance of infrastructure development in promoting regional cooperation and economic development. Despite EAC's unique features, it still faces challenges similar to the challenges experienced by other economic blocs in Africa. It faces economic disparities in member states, political differences, and gaps in governance and institutional capacity. Although the bloc has made huge progress in addressing pressing certain issues, tackling these challenges is key to the bloc's sustainable development and successful regional integration. Tackling these common challenges depends on collective efforts and collaborative strategies among partner states to reach full regional integration objectives.

## Somalia's Decade-long EAC Odyssey

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Somalia's endeavor to join the EAC dates back almost as far as the inception of the bloc itself. Established in 2000 with a shared vision for regional cooperation and economic development, the EAC seemed like an initially distant dream for Somalia—a country struggling with civil war, political instability, and fragmentation. Despite the tumultuous circumstances, seeds of hope for future integration were sown. In 2012, a faint sign of progress towards peace and stability in Somalia renewed the idea of partnering with East African neighbors, rekindling aspirations for the nation's inclusion in the bloc. Having successfully joined the EAC in recent years, Somalia's membership not only signifies a significant milestone in its journey towards regional cooperation and stability but also has the potential to act as a catalyst for other countries in the region. The prospect of enhanced economic opportunities, shared security frameworks, and collaborative development initiatives within the EAC framework could encourage neighboring nations, especially Ethiopia and Djibouti, to explore the possibility of joining the bloc, contributing to its continued enlargement. By 2012, with the end of the transitional period, Somalia formally applied for membership in the EAC, marking a critical turning point that demonstrated the country's increasing commitment to regional collaboration. Despite the progress made, the journey ahead was fraught with obstacles and hurdles.

Internal political intricacies and the ongoing clashes with Al-Qaeda affiliate Al Shabaab terrorist group created a lasting atmosphere of uncertainty. Navigating this volatile terrain and implementing the required stability and economic reforms mandated by the bloc posed immense challenges for Somalia, emphasizing the difficult path the country had to navigate in its pursuit of regional integration. In 2017, Somalia reapplied to join the EAC but has faced resistance again from both Kenya and Tanzania, based on security concerns (Kyeyune, 2022).

In 2019, there was a renewed commitment to regional integration, with President Mohamed Abdullahi Mohamed, also known as Farmaajo, placing a strong emphasis on the EAC membership in his foreign policy agenda. Farmaajo's administration significantly addressed key EAC requirements for membership, including the implementation of economic reforms and bolstering of border security measures. Nonetheless, the path to joining the bloc remained challenging. Internal political disputes and instability, including political tensions with the Federal Member States, posed challenges to the country's accession process (NEC, 2023). Additionally, the continuous presence of al-Shabaab in the country remained a significant security threat for Somalia, affecting the country's journey for integration.

Somalia re-applied to join the EAC In August 2022. Newly elected Somali President Hassan Sheikh Mohamud appointed Abdusalam Hadliyeh Omer as his special envoy to the EAC, who has made significant progress within a short span. On June 6th, 2023, the EAC Heads of States Summit adopted the

verification report of Somalia to join the EAC. Negotiation teams from Somalia and the EAC met from 22nd to 30th August 2023 in Nairobi, Kenya, to negotiate Somalia's admission into the EAC as directed by the Summit of EAC Heads of States (NEC, 2023).

Finally, on November 24th, 2023, Somalia was admitted into the bloc as the 8th member, and, on December 15th, 2023, Somali President Hassan Sheikh Mohamud officially signed the accession treaty (East African Community, 2023). On February 10th, 2024, the Somali lawmakers officially signed Somalia's EAC accession treaty into law, marking the end of over a decade of pursuit. Diligently meeting the bloc's criteria and addressing numerous domestic issues, this historic moment transcended the boundaries of a typical formal ceremony. The historic moment was not only a symbol of Somalia's comeback to the regional stage; it was a commitment to revitalizing economic and social development and stability for the country. The conclusion of this journey is a significant milestone, holding profound implications for Somalia's future within the bloc.

### **Advancing African Integration and Unity**

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Somalia's membership to the EAC in 2023 is a significant step towards promoting African regional integration and unity, in accordance with the broader African Union's objective to "accelerate the political and social-economic integration of the continent" (African Union Constitutive Act, 1999).



Somalia's membership to the EAC in 2023 is a significant step towards promoting African regional integration and unity, in accordance with the broader African Union's objective to "accelerate the political and social-economic integration of the continent" (African Union Constitutive Act, 1999). The EAC, as a regional economic bloc, is a symbol of commitment for its partner states to jointly collaborate in the areas of economic and social development, and political integration (Davoodi, 2012). With Somalia becoming the 8th member of the bloc, the accession not only denotes the enlargement of the bloc but also shows the Somali government's commitment to regional economic and social cooperation and integration, to achieve mutual benefits and shared development. This development contributes to the overarching narrative of African countries working together to reach common goals for a more integrated and prosperous Africa.

Somalia's inclusion into the bloc is in line with the aspirations of the African Union's Agenda 2063—a proposed strategic initiative for the continent's socioeconomic transformation currently under the AU's implementation. The commitment of Somalia to economic prosperity through EAC membership contributes to the efforts to eliminate poverty, promote well-being, and cultivate a high standard of living. The focus of Agenda 2063 on a politically united and integrated Africa (African Union Commission, 2015) is in line with Somalia's joining the bloc, seeking to hasten continental unity, cooperation, solidarity, and infrastructure

development. Somalia's inclusion into the EAC is also consistent with improving Africa's global partnerships, strategically financing its development, and enhancing its global role. The inclusion of Somalia in the EAC also underscores Somalia's commitment to the shared growth of African states, Pan-Africanism, and the vision of creating a resilient and influential Africa on the global stage.

The African Continental Free Trade Area—the largest free-trade area by a number of member states, after the World Trade Organization (Maliszewska, 2023) — is very important in enhancing economic integration across the African continent. Somalia's entry into the EAC is closely linked to the goals of AfCFTA, allowing Somalia to effectively participate in the broader African economic landscape. As a gateway, the EAC allows Somalia to harness the opportunities presented by AfCFTA, promoting intra-African trade and economic growth. This integration is advantageous not just for Somalia but also strengthens the overall economic development of the EAC. Somalia's participation in the EAC contributes to the enlargement of AfCFTA, as it brings its unique economic strengths and resources to the table, promoting a more comprehensive and inclusive intra-African trading bloc.

In addition to its EAC membership, Somalia actively engages in regional organizations like the Intergovernmental Authority on Development (IGAD) and the Common Market for Eastern and Southern Africa (COMESA), reinforcing its commitment to collaboration on economic, political, and social fronts.



IGAD, addressing issues such as security and development in East Africa, and COMESA, promoting economic collaboration in a wider geographic area, provide Somalia with opportunities to contribute to regional stability and prosperity.

This interconnected engagement in IGAD, COMESA, and the EAC showcases Somalia's dedication to the principles of the African Union, emphasizing regional integration as a crucial step toward continental unity. Through these memberships, Somalia not only advances its own economic development but also plays a pivotal role in shaping a united and interconnected Africa. The collective efforts and collaboration within these regional organizations underscore the belief that comprehensive development across the continent can be achieved through unity and shared prosperity.

Joining the EAC is a result of Somalia's realization of the importance of regional

mechanisms in reaching broader continental goals. African integration is not solely focused on economic cooperation but also involves fostering political and social ties. Through EAC participation, Somalia contributes to the creation of a more interconnected and interdependent African continent and promotes understanding and collaboration on all political and social dimensions.

The EAC, with Somalia as its newest member, serves as a microcosm of African unity—it shows the diversity and strength that comes from collaboration and integration. The mutual respect and cooperation among the bloc's partner states also serve as a model for other African regions. Such cooperation supports the belief that collective efforts can lead to shared prosperity. Somalia's integration into the EAC is a testament to the belief that through unity, Africa can overcome challenges and collectively strive towards a brighter future.

## Benefiting from the Membership

In the preceding section, the historical background of the EAC was explored, shed light on Somalia's extensive journey towards becoming a part of the bloc and the potential of Somalia's membership to enhance Africa's unity and integration. This section now

transitions to an examination of the benefits that could be realized by both Somalia and the other member states of the EAC through Somalia's inclusion in the bloc.

## Benefits for Somalia

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Somalia's inclusion into the EAC comes with a plethora of economic benefits for the nation. One of the primary benefits lies in the expansion of market access. By removing trade barriers within the bloc, Somalia gains an exceptional opportunity for expanded exports and trade collaborations. In contrast, Non-EAC member states encounter significant barriers such as tariffs, non-tariff measures, rules of origin complexities, customs procedures, and infrastructure challenges when trading with the bloc.

This increased exports and trade collaboration not only promotes economic development but also allows diversification of the country's economic portfolio by enhancing its ability to resist global market fluctuations. Although Somali businesspeople have significant businesses in the EAC partner states, especially Kenya, Tanzania, and Uganda, Somalia's exports to the regional bloc's partner states are low. In 2021, Somalia's total exports reached \$482 million, securing the country's global rank at 168th. Despite its global standing, the Export Volume Index demonstrated a positive trajectory, registering at 69.3 compared to the 2015 baseline of 100. Livestock, notably sheep and goats, played a pivotal role in the export sector, contributing \$201 million. Gold exports also wielded influence, amounting to \$94.9 million. Other significant exports encompassed bovine (\$35 million), other oily seeds (\$32.8 million), and insect resins (\$28.9 million). Oman emerged as Somalia's primary

export partner, importing goods valued at \$180 million in 2021, followed closely by the United Arab Emirates at \$138 million. The top five export destinations included Saudi Arabia, India, and Bulgaria, showcasing the diverse range of trading partners contributing to Somalia's export landscape.

Somalis are business savvy and already had successful businesses throughout the EAC, especially in the leading countries of Kenya, Tanzania, and Uganda, and the integration of Somalia into the broader EAC market allows Somali businesspeople to attract foreign investments and establish partnerships that boost the economy. The membership stands to significantly elevate Somalia's attractiveness for FDI and competitiveness on the global stage. The enlarged market of over 300 million people offers Somali businesses a wider audience, making the nation more appealing to foreign investors seeking broader market access. Additionally, membership allows Somali businesses to engage in partnerships with companies from other EAC countries, opening avenues for the exchange of technologies, expertise, and access to new markets. Despite potential challenges, such as unfair competition from larger companies in other EAC countries, the Somali government can address these concerns through strategic policies, including financial assistance, regulatory compliance support, and the negotiation of trade agreements that safeguard Somali interests.

Furthermore, being a part of the EAC allows Somalia the adoption of standardized regulations and practices, such as tariffs and non-tariff barriers, rules of origin, standards and conformity assessment, investment facilitation, competition rules, intellectual property laws, customs procedures, and public procurement practices. This harmonization of practices and regulations across the regional economic bloc aligns Somalia with international trade norms. It will allow Somalia to enhance the competitiveness of its industries, including agriculture, manufacturing, services, and natural resources.

The common market integration promotes innovation and efficiency and it will enable Somali businesses to meet and exceed the benchmarks set by the bloc, including trade & investment, standards and quality, and legal & regulatory environment benchmarks. Within this collaborative framework, benchmarks set by the bloc become instrumental in guiding Somalia's progress. Trade and investment benchmarks, including targets for tariff reduction, elimination of specific non-tariff barriers, and adherence to competition regulations, provide a clear path for Somalia's economic advancement. Additionally, Standards and quality benchmarks ensure alignment with regional standards, emphasizing improvements in conformity assessment processes. The legal and regulatory environment benchmarks, covering intellectual property laws, customs procedures, and public procurement

practices, offer a roadmap for Somalia to harmonize its legal framework and contribute meaningfully to the overall objectives of the EAC. This comprehensive approach not only facilitates economic growth but also positions Somalia as an integral player in the regional and international trade landscape.

Moreover, the transfer of knowledge and technology within the bloc's framework allows Somalia to modernize its industries and make a substantial contribution to sustainable development. The World Bank's Human Capital Development Index (HDI) reveals stark disparities among EAC member countries, with Somalia exhibiting the lowest HDI in the region, reflecting deficiencies in education, health, and living standards. Notably, Somalia lags in digital infrastructure, possessing the lowest internet penetration, limited electricity access, and inadequate mobile network coverage. The country's education system grapples with low literacy rates and insufficient resources, impeding the development of a skilled workforce for technology adoption. Furthermore, Somalia invests minimally in research and development, hindering indigenous technology creation. EAC membership presents a potential remedy for Somalia's challenges by fostering increased resource sharing, knowledge exchange, investment opportunities, and harmonized policies. Through collaboration with more developed neighbors, Somalia could bridge these technology and knowledge gaps.



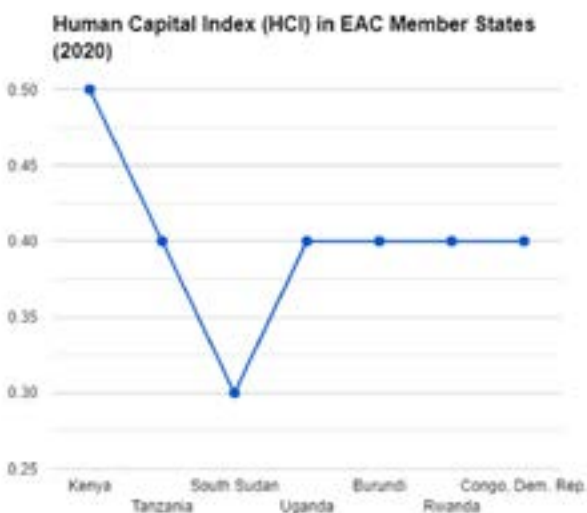
Source: United Nations Development Programme (UNDP)

In the EAC, member states exhibit varying degrees of human development. According to the HDI scores in 2021, Kenya leads with a score of 0.575, followed by Rwanda (0.534), Tanzania (0.549), Uganda (0.525), and Burundi (0.426). However, South Sudan (0.385), Somalia (0.403), and the Democratic Republic of Congo (0.479) face lower HDI scores. Somalia, in particular, lags behind due to ongoing challenges such as political instability, conflict, and insufficient infrastructure, which impact its ability to provide adequate healthcare and education, contributing to a lower overall HDI score.

In the EAC, the Human Capital Index scores in 2020 reveal a range of human capital development levels. Kenya leads with an HCI of 0.5, followed by Tanzania, Uganda, Burundi, Rwanda, and the Democratic Republic of Congo, all with an HCI of 0.4. South Sudan lags behind with an HCI of 0.3. Notably, Somalia's HCI data is not available from the World Bank. This absence of data might be attributed to challenges in data collection due to the country's unique circumstances, such as ongoing conflict and limited infrastructure. On a social level, being a part of the EAC encourages cultural exchange and mutual understanding among participating states. The people of Somalia can benefit from the growth in people-to-people connections which will promote a shared sense of identity and cooperation. Within the regional bloc's framework, collaborative projects and initiatives in healthcare, education, and technology offer Somalia a plethora of opportunities to improve the well-being and development of its people. In essence, Somalia's membership in the EAC brings the promise of significant economic growth, technological advancement, and socio-cultural enrichment for the country and its citizens.

**Benefits for the EAC Countries**

The integration of Somalia into the EAC certainly offers significant economic advantages for the current partner states. The expansion of the regional bloc's market to include Somalia opens up fresh opportunities for trade and investment.



Source: World Bank

Somalia's inclusion in regional trade agreements plays a pivotal role by eliminating tariff barriers, attracting foreign investment, facilitating knowledge transfer, encouraging economic diversification, and fostering regional cooperation and stability. By incorporating Somalia, the member countries gain entry to diverse economic sectors, including maritime and agriculture, present in Somalia. This diversification resulting from this inclusion promotes not only economic cooperation but also contributes to the resilience and dynamism of the regional bloc's economy. As partner states capitalize on Somalia's economic potential, including maritime resources, economic diversification, trade expansion, regional economic consolidation, and cooperative economic growth, the regional bloc stands to consolidate its position as a key player in the broader African economic landscape.

The strategic location of Somalia along the shores of the Indian Ocean and Gulf of Aden unquestionably boosts the significance of the EAC in international trade routes. The strategic positioning of Somalia enhances the EAC's significance in international trade routes. Somalia's extensive coastlines, coupled with developed ports such as Mogadishu, Berbera, Bosaso, and Kismayo, offer efficient shipping routes and facilitate the establishment of trade corridors, contributing to the development of robust regional infrastructure. Including Somalia in the regional bloc not only aids in the development of comprehensive regional infrastructure but also streamlines the establishment of efficient trade corridors. Partner states have the opportunity to

benefit from Somalia's inclusion in the bloc by leveraging the nation's maritime potential, which can strengthen their positions in continental and international trade. By making this strategic move, the bloc has the potential to position itself as a critical player in the global economic landscape, further strengthening its role in shaping and influencing international trade dynamics.

Moreover, by aligning with global initiatives like China's Belt and Road Initiative, Somalia's inclusion in the EAC presents an opportunity for the regional bloc to attract foreign investment, stimulate economic development, and become a critical player in shaping international trade dynamics. Consequently, Somalia's contributions become integral to the EAC's vision of fostering economic integration, connectivity, and influence on the global stage.

The entry of Somalia into the regional bloc strengthens collaborative efforts in resolving shared concerns among partner states. By including Somalia, the EAC obtains a platform to collectively tackle security concerns, climate change, and other shared issues. This collaborative effort enables the pooling of resources and expertise which will lead to effectively addressing common challenges. The integration of Somalia not only boosts the overall resilience of the bloc but also establishes a groundwork for shared sustainable development and prosperity. In essence, Somalia's inclusion in the regional bloc goes beyond economic opportunities; it magnifies the geopolitical significance and collective strength of the EAC member states.

# Navigating the Integration Challenges

In the antecedent section, the advantages accruing to both Somalia and EAC member states from Somalia's inclusion in the bloc were outlined. However, undoubtedly, challenges confront both sides. This section now scrutinizes the hurdles that Somalia may encounter post its integration into the EAC. Simultaneously, it delves into the challenges that other member states may confront following the acceptance of Somalia into the bloc

## Challenges for Somalia

Somalia's inclusion in the EAC brings along its own set of challenges. The economic disparity and developmental gaps between some of the more established bloc's partner states and Somalia is one of the substantial challenges Somalia faces after its inclusion in the bloc. Closing these gaps demands comprehensive strategic planning, targeted investments, and broader collaborative initiatives so that Somalia can fully tap into the advantages of regional integration. Furthermore, the requirement for institutional reforms within Somalia is also challenging, as effective regulatory frameworks and governance structures are critical for the smooth integration of the country into the bloc's political and economic systems.

Security concerns also loom large as Somalia faces security threats from armed terrorist

groups. The country is struggling with internal conflicts and terrorism, and these issues could potentially pose a threat to regional stability. Addressing these security concerns requires comprehensive close cooperation between Somalia and other partner states to maintain peace and security in the bloc.

The socio-cultural dynamics within Somalia may pose challenges to integration. Diverse ethnicities, linguistic differences, and historical factors could potentially lead to internal tensions. The EAC must navigate these intricacies, fostering a sense of unity and shared identity while respecting the unique cultural fabric of Somalia.

Somalia may struggle to implement the various obligations and regulations associated with EAC membership. Aligning domestic laws with EAC treaties, harmonizing customs procedures, and participating effectively in regional decision-making processes could be challenging due to limited capacity and resources.

Skepticism exists within Somalia regarding the potential benefits of EAC membership. Some fear increased competition, foreign domination, or exploitation of resources. Engaging the public in open dialogue and demonstrating tangible benefits are crucial for fostering support and ensuring successful integration.



Furthermore, decades of conflict have hampered the development of strong institutions in Somalia. Weak law enforcement, an underdeveloped judicial system, and widespread corruption could hinder effective implementation of EAC regulations and agreements. Building robust institutions and tackling corruption are crucial for successful integration.

### Challenges for the EAC

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The inclusion of Somalia into the bloc not only signifies a significant expansion but also introduces a set of challenges for the existing partner states. A critical aspect to address revolves around the possible strain on resources and infrastructure, stemming from the incorporation of a new member state with distinctive developmental requirements. Effectively harmonizing Somalia's developmental needs with the ongoing priorities of the EAC member states necessitates meticulous planning and strategic coordination. The goal is to promote equitable growth and alleviate potential disparities that could hinder the overall effectiveness of the regional bloc. This delicate process involves ensuring that the integration of Somalia enhances the collective progress of the EAC while simultaneously addressing the unique challenges posed by the new member state.

Somalia shares both similarities and dissimilarities with other EAC member states, contributing to the complexities of regional integration. Similar to recent additions like South Sudan and the Democratic Republic

of Congo (DRC), Somalia grapples with challenges arising from historical conflicts and state fragility. Economic issues, including poverty and a pressing need for infrastructure development, are common concerns that unite these nations. However, dissimilarities emerge in the specific nature of their conflicts, with each country experiencing distinct historical and geopolitical dynamics. Additionally, the geographical and cultural differences among Somalia, South Sudan, and the DRC further highlight the unique contexts shaping their developmental needs. As the EAC endeavors to harmonize these disparities and foster equitable growth, the collaborative approach taken by member states acknowledges both the shared challenges and the necessity for tailored interventions to address the nuanced circumstances of each country.

In addition to addressing developmental disparities, another formidable challenge awaiting the EAC upon the inclusion of Somalia is the harmonization of legal and regulatory frameworks. The integration process requires navigating through the intricacies of each member state's unique legal landscape, posing a considerable challenge in aligning diverse laws and regulations to create a cohesive and unified legal environment.

Furthermore, with regards to the incorporation of Somalia into the bloc, the EAC faces the challenge of potential resistance and skepticism from certain member states. Concerns may be raised by some partner states, expressing apprehensions about security risks, increased competition, and cultural disparities stemming from Somalia's inclusion.



Tackling these potential reservations requires diplomatic finesse and effective communication strategies. It is imperative to engage in open dialogue and address these concerns comprehensively, emphasizing the shared benefits and opportunities that Somalia's integration brings to the entire EAC. Cultivating a sense of cooperation within the regional bloc hinges on ensuring that the advantages of Somalia's inclusion are perceived as mutually beneficial and positive for all partner states, fostering a collaborative spirit that strengthens the unity and resilience of the expanded alliance.

## Policy recommendations

This section provides policy recommendations offering thorough guidance for both Somalia and the other EAC member states. The aim is to enable bloc member states to leverage the advantages of Somalia's inclusion and collaboratively explore robust ways of achieving regional economic integration that benefits all participating countries within the bloc.

### Somalia;

- Must prioritize developing robust institutions and governance reforms to enhance its capacity to effectively participate in the regional economic bloc—streamlining administrative processes, ensuring transparency, and building robust regulatory frameworks should be Somalia's strategic priority. Strengthening institutions will not only facilitate seamless integration but also instill confidence among EAC member states

in Somalia's ability to adhere to shared standards and regulations.

- Should focus on diversifying its economy to fully capitalize on EAC membership. This involves investing in sectors beyond traditional ones, such as agriculture and maritime trade. The development of infrastructure, skill-building programs, and targeted investments in technology will boost the nation's economic capacity.
- Must foster entrepreneurship and innovation to contribute to Somalia's competitiveness within the EAC market.
- Must address security concerns to fully integrate into the bloc. Joint military operations against militant groups in Somalia, intelligence sharing, and capacity-building programs on security will improve regional security. Creating a robust framework for cross-border security threats helps both Somalia and other partner states in the bloc.

### Other EAC member states;

- Should allocate resources and provide development assistance to support Somalia's integration. This could include financial aid, technology transfers, and capacity-building programs aimed at bridging developmental gaps. A collaborative approach to resource allocation will ensure that Somalia's inclusion benefits the entire EAC, and promote a more equitable and sustainable regional integration.

- must facilitate partnerships between EAC's private sector actors and their Somali counterparts for joint business projects, and explore opportunities in Somalia, leveraging its first-mover advantage as a relatively untapped market.
- need to adopt a flexible approach to harmonizing legal and regulatory frameworks. Recognizing and respecting the unique circumstances of each member state, including Somalia, will facilitate a smoother integration process. Harmonization efforts should be inclusive and considerate of the diverse legal systems and cultural differences present in the region.
- should prioritize promoting cultural exchange programs and facilitating people-to-people connections. This will foster a sense of unity and shared identity, and mitigate potential socio-cultural challenges. Establishing joint initiatives in education, arts, and sports will contribute to a more integrated and harmonious EAC.

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