



## SOMALIA'S ECONOMIC INTEGRATION INTO THE EAST AFRICAN COMMUNITY: TRADE DYNAMICS, OPPORTUNITIES AND CHALLENGES (2012–2023)

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### ABSTRACT

**Purpose-** This study examines Somalia's economic integration into the East African Community (EAC) from 2012 to 2023, focusing on trade dynamics, regional opportunities, and challenges. The objective is to assess Somalia's trade performance within the EAC, identify barriers to integration, and provide insights on how Somalia can enhance its regional trade relations and overall economic participation.

**Methodology-** The study uses secondary data obtained from sources such as the World Bank and UN COMTRADE statistics, to examine the trade flows and economic performance of Somalia from 2012 to 2023. It further assesses the economic integration to the East African Community (EAC) by identifying prevalent trade patterns, key opportunities, and challenges associated with successful regional integration.

**Findings-** The total trade value of Somalia between 2012 and 2023 increased steadily from \$3.8 billion to \$10.17 billion. Despite this growth, the country still has a huge trade deficit with exports valued at \$2.16 billion and imports valued at \$8 billion in 2023. Somali business exports are strongly biased towards Kenya, which implies minimal diversification and minimal engagement with other EAC member states. Besides, the GDP per capita of the country has remained quite stable at around \$350.26 during the time under review, signifying continued economic woes. Current political instability, lack of good infrastructure, and inadequate institutional settings are the major impediments to regional integration by Somalia.

**Conclusion-** Somalia's accession to the East African Community (EAC) is a significant step towards regional integration but challenges such as a large trade deficit, low export diversification, political instability, and poor infrastructure hinder full economic participation.

**Keywords:** Somalia's Economy, economic integration, trade dynamics, trade opportunities & challenges, Somalia and East African Community (EAC).

**JEL Codes:** F15, F63, O24

### 1. INTRODUCTION

Regional integration refers to the process of cooperation among neighbouring states to increase the level of joint frameworks, institutions, and policies in a quest for shared purposes. Regional integration plays a vital role in boosting economic growth, political coordination, and social integration through the removal of trade barriers, increased infrastructure connectivity, and enhanced regional cooperation (AfDB, 2022). In Sub-Saharan Africa, integration efforts are not only economic but also social and political. Initiatives have focused on enhancing regional peace and security, enabling the free movement of people, goods, and services, and creating regional value chains. The African Continental Free Trade Area, launched in 2021, has further reinforced these efforts by providing a continent-wide framework for reducing tariffs and promoting intra-African trade, with regional economic communities like the EAC acting as building blocks (World Bank, 2016). Through initiatives like the East African Community (EAC), countries enjoy access to wider markets, foreign direct investment, and greater voice in global economic governance (UNCTAD, 2021). Regional integration is especially important for African nations in overcoming constraints of small domestic markets, enabling diversification of trade, and building resilience to global economic shocks like the COVID-19 pandemic and climate-related shocks (UNECA, 2023). The EAC continues to be a regional vehicle for strategic advancement, which provides its member states with access to harmonized trading regimes, transboundary infrastructure investments, and instruments for conflict resolution and peace-making (EAC Secretariat, 2024).

In the late 1800s, railway lines were built to connect Kenya, Uganda, and Tanganyika, and it started. The project was operated by the East African Railways Cooperation (1897–1901) that increased trade and provided the ground for increased cooperation. As Mombasa port emerged as a major outlet for exports destined for Uganda, the establishment of the Customs Union in 1917 marked a significant institutional milestone in regional integration (World Bank, 2021). Regional cooperation was further promoted by the establishment of institutions such as the Postal Union (1905–1940) and the East African Currency Board. The East African High Commission (EACH) was a transitional coordinating agency between 1948 and 1961, dealing with customs union, common external tariffs, currency, postage, and common services in research, education, transport, and communications. East African Common Services Organization (EACSO) emerged after the post-independence era reforms in 1961. Anticipated to pave the way for political federation, among the challenges involved were economic domination by Kenya, political ideological differences, and a lack of planning and fiscal policy cooperation (Mohamed, 2024).

In addition, attempts to set up a central bank were founded in 1965. Plans to introduce a common market proved difficult to implement. Yet there was still strong interest in regional cooperation, and so in 1967, the first East African Community was founded. The three member states of Kenya, Tanzania and Uganda agreed to cooperate on a wide range of economic and social issues. The first EAC, and the extensive integration which it achieved, was hailed a success, but the project nevertheless collapsed in 1977. The failure of the first East African Community can be attributed to four main factors: firstly, its lack of steering functions; secondly, the unequal distribution of benefits; thirdly, the purely intergovernmental – i.e. inter state structure; and, fourthly, the irreconcilable differences of opinion between leading players, especially between the Ugandan dictator Idi Amin and the Tanzanian president Julius Nyerere. After the collapse of the first EAC, the former member states managed their economic affairs through individual multilateral agreements. Significant progress toward re-establishing the community occurred during summits in 1993 and 1997. In 1993, the Permanent Tripartite Commission for Cooperation was created, which later drafted a treaty for the new EAC in 1998. Security cooperation also began during this time. In November 1999, Uganda, Kenya, and Tanzania signed the Treaty for the Establishment of the East African Community, which came into effect on 7th July 2000. Rwanda and Burundi joined the EAC in 2007, (Reith and Boltz, 2011). South Sudan became a full member of the East African Community in 2016. Later, in 2022, the Democratic Republic of Congo (DRC) joined as the 7th member of the community, (Hassan, 2022).

Somalia's membership in the East African Community (EAC) began in 2012 when it first applied for membership. However, the application was delayed after questions about Somalia's adherence to the EAC's admission requirements, which involve good governance, democracy, rule of law, and compatibility of social and economic policies with the Community. In 2019, Somalia had made another request, but it was still pending until the efforts were doubled after President Hassan Sheikh Mohamud's election in 2022. The EAC officially launched a verification mission to assess Somalia's readiness to join the Community in January 2023. Following the assessment, Somalia was invited to join the EAC on November 24, 2023, at the 23rd Ordinary Summit of the Heads of State (EAC, 2023).

The accession process was capped on March 4, 2024, when Somalia deposited ratification instruments with the EAC Secretary General, Dr. Peter Mutuku Mathuki, at the EAC Headquarters in Arusha, Tanzania, thereby becoming a member. Somalia's membership into the EAC opens chances for greater regional cooperation, economic development, and market opportunities in the block, (Xinhua, 2024).

The aim of this paper is to examine Somalia's economic integration into the East African Community (EAC) using an analysis of the opportunities it can capitalize on, challenges it faces, and trade trends it has experienced between the years 2012–2023. By analyzing Somalia's economic statistics, trade relations, and relative performances when compared with other EAC member countries, the research aims to observe how Somalia's membership in the EAC can influence its economic development and regional trade membership. The article also points out areas where Somalia can improve its contribution to yield the most benefits from regional integration.

## 2. TRADE DYNAMICS (2012–2023)

### 2.1. Economic Indicators of Somalia-Other EAC Member Nations

From the outset, the East African region consists of countries that are relatively homogeneous in terms of economic and political dimensions. However, there are significant gaps in their levels of development. The economic structure of these countries is outlined as follows:

**Table 1: GDP of East African Community Countries (Billion USD)**

| Year | Somalia | Tanzania | Congo | Uganda | Rwanda | Kenya | Burundi | South Sudan |
|------|---------|----------|-------|--------|--------|-------|---------|-------------|
| 2012 | 4.36    | 39.65    | 29.31 | 27.31  | 7.65   | 56.40 | 2.33    | 11.93       |
| 2013 | 5.06    | 45.65    | 32.68 | 28.92  | 7.82   | 61.67 | 2.45    | 18.43       |
| 2014 | 5.73    | 49.99    | 35.91 | 32.61  | 8.24   | 68.29 | 2.71    | 13.96       |

|             |       |       |       |       |       |        |      |       |
|-------------|-------|-------|-------|-------|-------|--------|------|-------|
| <b>2015</b> | 6.15  | 47.41 | 37.92 | 32.39 | 8.54  | 70.12  | 3.10 | 12.00 |
| <b>2016</b> | 6.61  | 49.77 | 37.13 | 29.20 | 8.70  | 74.82  | 2.64 | NA    |
| <b>2017</b> | 7.62  | 53.27 | 38.02 | 30.74 | 9.25  | 82.04  | 2.72 | NA    |
| <b>2018</b> | 7.87  | 57.00 | 47.57 | 32.93 | 9.64  | 92.20  | 2.67 | NA    |
| <b>2019</b> | 8.66  | 61.03 | 51.78 | 35.35 | 10.35 | 100.38 | 2.58 | NA    |
| <b>2020</b> | 8.63  | 66.07 | 48.72 | 37.60 | 10.17 | 100.66 | 2.65 | NA    |
| <b>2021</b> | 9.48  | 70.66 | 55.33 | 40.53 | 11.07 | 109.7  | 2.78 | NA    |
| <b>2022</b> | 10.20 | 75.77 | 65.80 | 45.57 | 13.32 | 114.45 | 3.34 | NA    |
| <b>2023</b> | 10.97 | 79.06 | 66.38 | 48.77 | 14.10 | 108.04 | 2.64 | NA    |

Sources: World Development Indicators, 2024

Kenya boasts the biggest economy in the EAC countries, with GDP standing at approximately USD 108.04 billion in 2023, followed by Tanzania (USD 79.06 billion), Congo DR (USD 66.38 billion), and Uganda (USD 48.77 billion). Rwanda's GDP was USD 14.10 billion, while Somalia's economy, though steadily increasing, and is still lower at USD 10.97 billion. Burundi had the smallest GDP at USD 2.64 billion in 2023.

The last decade has seen decent economic growth in most EAC countries, albeit with huge inter-country variations, from the best performing, Kenya, to the worst performing, Burundi. To reach middle-income status (GDP per capita of USD 1,000), most of these countries need to sustain high growth of more than 8% a year, as they have set out in their targets.

**Table 2: GDP Per Capita of East African Community Countries (USD)**

| <b>Year</b> | <b>Somali</b> | <b>Keyna</b> | <b>Uganda</b> | <b>Tanzania</b> | <b>Congo</b> | <b>Rwanda</b> | <b>Burundi</b> | <b>South Sudan</b> |
|-------------|---------------|--------------|---------------|-----------------|--------------|---------------|----------------|--------------------|
| <b>2012</b> | 350.26        | 1285.01      | 795.22        | 861.97          | 400.06       | 706.82        | 231.69         | 1109.26            |
| <b>2013</b> | 350.26        | 1370.88      | 818.29        | 963.06          | 431.19       | 704.92        | 234.84         | 1650.19            |
| <b>2014</b> | 350.26        | 1482.82      | 896.05        | 1022.75         | 458.00       | 724.96        | 250.54         | 1242.73            |
| <b>2015</b> | 350.26        | 1489.12      | 862.93        | 939.13          | 467.91       | 734.00        | 280.97         | 1080.15            |
| <b>2016</b> | 350.26        | 1554.13      | 752.70        | 953.01          | 442.31       | 729.52        | 235.29         | NA                 |
| <b>2017</b> | 350.26        | 1667.48      | 765.22        | 986.67          | 436.58       | 758.30        | 236.69         | NA                 |
| <b>2018</b> | 350.26        | 1836.45      | 792.17        | 1023.11         | 528.26       | 771.77        | 224.90         | NA                 |
| <b>2019</b> | 350.26        | 1960.41      | 822.06        | 1063.32         | 557.04       | 810.05        | 210.24         | NA                 |
| <b>2020</b> | 350.26        | 1927.66      | 845.77        | 1117.42         | 507.52       | 778.70        | 210.01         | NA                 |
| <b>2021</b> | 350.26        | 2061.36      | 882.79        | 1159.86         | 558.03       | 828.83        | 214.09         | NA                 |
| <b>2022</b> | 350.26        | 2109.56      | 963.07        | 1207.85         | 642.61       | 975.47        | 250.63         | NA                 |
| <b>2023</b> | 350.26        | 1952.30      | 1002.31       | 1224.49         | 627.50       | 1010.27       | 193.01         | NA                 |

Source: World Development Indicators, 2024

The GDP per capita values show large differences between East African Community (EAC) countries from 2012 to 2023. Kenya experienced steady growth, rising from \$1,285 in 2012 to \$2,109 in 2022 before falling slightly to \$1,952 in 2023. Somalia's GDP per capita remained steady at \$350.26 from 2012 to 2023 with no rise during the period. This indicates continued economic problems, such as political instability, poor infrastructure, and a lack of proper investments. Despite being a member of the East African Community, the economy of Somalia has lagged the development of the region. To improve, Somalia must concentrate on stabilizing its government, investment attraction, and the development of key sectors such as agriculture and infrastructure. Rwanda and Tanzania registered consistent gains, rising from \$706.82 and \$861.97 in 2012 to \$1,010.27 and \$1,224.49 in 2023 through innovation and utilization of resources. The GDP per capita of Uganda also increased gradually from \$795.22 in 2012 to \$1,002.31 in 2023 but, at faster rates, modernized key sectors will be needed. The GDP per capita for Burundi fell from \$231.69 in 2012 to \$193.01 in 2023 with economic problems being the result of political instability. Congo increased from \$400.06 in 2012 to \$642.61 in 2022 but fell to \$627.50 in 2023 due to government problems. South Sudan experienced a history of early peaks and declines, going as high as \$1,650.19 in 2013, with interruptions in the following years.

**Table 3: Population of East African Community Countries (Million)**

| <b>Year</b> | <b>Somalia</b> | <b>Kenya</b> | <b>Uganda</b> | <b>Tanzania</b> | <b>Congo</b> | <b>Rwanda</b> | <b>Burundi</b> | <b>South Sudan</b> |
|-------------|----------------|--------------|---------------|-----------------|--------------|---------------|----------------|--------------------|
| <b>2012</b> | 12.46          | 43.89        | 34.34         | 47.37           | 73.25        | 10.83         | 10.07          | 10.76              |
| <b>2013</b> | 12.87          | 44.99        | 35.34         | 48.82           | 75.79        | 11.09         | 10.44          | 11.17              |
| <b>2014</b> | 13.34          | 46.05        | 36.4          | 50.35           | 78.4         | 11.36         | 10.8           | 11.24              |
| <b>2015</b> | 13.81          | 47.09        | 37.53         | 52.02           | 81.04        | 11.64         | 11.05          | 11.11              |
| <b>2016</b> | 14.35          | 48.14        | 38.8          | 53.82           | 83.96        | 11.92         | 11.24          | 10.83              |

|      |       |       |       |       |        |       |       |       |
|------|-------|-------|-------|-------|--------|-------|-------|-------|
| 2017 | 14.92 | 49.2  | 40.18 | 55.65 | 87.08  | 12.2  | 11.51 | 10.26 |
| 2018 | 15.45 | 50.21 | 41.57 | 57.44 | 90.05  | 12.49 | 11.86 | 10.12 |
| 2019 | 16.03 | 51.2  | 43.00 | 59.17 | 92.95  | 12.78 | 12.26 | 10.42 |
| 2020 | 16.65 | 52.22 | 44.46 | 60.97 | 95.99  | 13.07 | 12.62 | 10.7  |
| 2021 | 17.27 | 53.22 | 45.91 | 62.83 | 99.15  | 13.36 | 12.97 | 10.87 |
| 2022 | 17.8  | 54.25 | 47.31 | 64.71 | 102.4  | 13.65 | 13.32 | 11.02 |
| 2023 | 18.36 | 55.34 | 48.66 | 66.62 | 105.79 | 13.95 | 13.69 | 11.48 |

Source: World Development Indicators, 2024

East African Community (EAC) country population statistics from 2012 to 2023 show consistent growth in the region, with some of the countries experiencing higher growth rates of the population compared to others. On average, the population of the EAC has increased from approximately 243 million in 2012 to 334 million in 2023. The population growth in the region has resulted from the high birth rates. The annual rate of growth varies, with some countries experiencing higher population growth compared to others.

The Somali population stands at 18.36 million as of 2023, whereas that of the remaining member states of the East African Community (EAC) combined is much greater. Including Kenya, Uganda, Tanzania, Congo, Rwanda, Burundi, and South Sudan populations for the year 2023 amounts to approximately 315.53 million. Joining the East African Community (EAC) will subject Somalia to a wider regional market. It would ease free trade with immediate neighboring countries such as Kenya, Uganda, Tanzania, and so on by eliminating trade barriers like tariffs as well as non-trade barriers. It could increase exports from Somalia, stimulate local business, and advance economic growth.

## 2.2. General Trade Trends of Somalia and Other EAC countries

From the beginning, Somalia's economic structure has been marked by notable developments and fluctuations in trade over the years, as illustrated in the table below:

**Table 4: Trends of Somalia's Trade**

| Year | Value of Trade (Million USD) |         |          | Growth of Trade (%) |        | Trade in GDP (%) |
|------|------------------------------|---------|----------|---------------------|--------|------------------|
|      | Export                       | Import  | Total    | Export              | Import |                  |
| 2012 | 853.40                       | 3012.55 | 3865.95  | —                   | —      | 88.57            |
| 2013 | 942.60                       | 3276.86 | 4219.46  | 10.45               | 8.77   | 83.34            |
| 2014 | 1097.73                      | 3582.44 | 4680.16  | 16.46               | 9.33   | 81.70            |
| 2015 | 1037.96                      | 3667.16 | 4705.12  | -5.44               | 2.36   | 76.48            |
| 2016 | 1067.19                      | 3850.89 | 4918.08  | 2.82                | 5.01   | 74.36            |
| 2017 | 994.34                       | 4239.78 | 5234.12  | -6.83               | 10.10  | 68.68            |
| 2018 | 1119.00                      | 4693.24 | 5812.24  | 12.54               | 10.70  | 73.82            |
| 2019 | 1131.00                      | 4954.40 | 6085.40  | 1.07                | 5.56   | 70.31            |
| 2020 | 1178.00                      | 5352.64 | 6530.64  | 4.16                | 8.04   | 75.69            |
| 2021 | 1532.00                      | 5969.20 | 7501.20  | 30.05               | 11.52  | 79.09            |
| 2022 | 1804.05                      | 7455.98 | 9260.02  | 17.76               | 24.91  | 90.76            |
| 2023 | 2164.49                      | 8001.81 | 10166.30 | 19.98               | 7.32   | 92.69            |

Source: World Development Indicators, 2024

From 2012 to 2023, Somalia's exports increased on average by 8.83% annually to reach USD 2.16 billion in 2023 (see the table4). Exports also increased in the same trend with an average annual growth of 9.29 % to reach USD 8.00 billion by 2023. The total trade volume increased steadily, with a trade deficit that rose over the years due to higher values of imports compared to exports. For instance, the trade deficit in 2023 was USD 5.84 billion.

Somalia's commerce activity remained a significant component of its GDP, and the trade-to-GDP ratio throughout the period averaged nearly 80%. Diversification of trade remains narrow, with significant partners holding sway over exports and imports. Erratic growth rates of imports and exports indicate Somalia's challenge in maintaining stable trade patterns, although steady growth in trade volumes signals positive signals in economic performance. The high trade-to-GDP ratio reflects Somalia's heavy dependence on foreign trade, which is a central factor in its economy.

The table indicates the trend of trade in Somalia between 2012 and 2023, showing steady growth in total trade, exports, and imports. Total trade increased from USD 3,865.95 million in 2012 to USD 10,166.30 million in 2023, reflecting a rising volume

of trade over the period. Exports rose from USD 853.40 million in 2012 to USD 2,164.49 million in 2023, recording impressive growth rates of 16.46% in 2014, 30.05% in 2021, and 19.98% in 2023. Imports rose significantly from USD 3,012.55 million in 2012 to USD 8,001.81 million in 2023, registering its highest growth rate of 24.91% in 2022.

Trade as a share of GDP was fluctuating but high, reflecting the heavy reliance of Somalia on trade. In 2012, the rate was 88.57%, dropping to 68.68% in 2017 but increasing to 92.69% in 2023, reflecting the crucial role played by trade in the economy. Such trends reflect both progress and challenges in the trade sector in Somalia, where there was continuous growth despite export and import growth rates fluctuating in some years.

### 2.3. Exports and Imports of other members EAC's Trends (2012-2023)

The Other East African Community (EAC) member countries have demonstrated notable variations in their trade patterns over the years. The table below provides an overview of the exports and imports of EAC countries from 2012 to 2023, reflecting the growth and shifts in trade within the region. **Imports of Other Members of EAC**

**Table 5: Exports and Imports of Other Members EAC's Trends (2012-2023)**

| Year | Exports of Other Members of EAC |          |         |          |         |          |             |              |
|------|---------------------------------|----------|---------|----------|---------|----------|-------------|--------------|
|      | Kenya                           | Uganda   | Burundi | Tanzania | Rwanda  | Congo    | South Sudan | Total Export |
| 2012 | 11203.18                        | 4230.16  | 226.24  | 8870.63  | 918.13  | 9027.202 | 5110.49     | 39586.03     |
| 2013 | 10972.69                        | 4774.87  | 222.98  | 8679.12  | 1055.11 | 11910.41 | 1794.88     | 39410.06     |
| 2014 | 11248.59                        | 4874.97  | 235.30  | 9032.21  | 1142.63 | 13226.09 | 5360.32     | 45120.11     |
| 2015 | 10608.34                        | 4170.60  | 199.19  | 8110.11  | 1130.49 | 10512.9  | 4397.36     | 39128.99     |
| 2016 | 9912.82                         | 3629.23  | 168.84  | 8138.10  | 1340.97 | 8896.177 | NA          | 32086.14     |
| 2017 | 10448.71                        | 5122.38  | 164.14  | 8344.71  | 1899.46 | 13401.99 | NA          | 39381.39     |
| 2018 | 11564.08                        | 4967.72  | 151.65  | 8401.86  | 2034.37 | 15485.13 | NA          | 42604.81     |
| 2019 | 11471.24                        | 6047.74  | 133.26  | 9786.70  | 2258.78 | 13393.2  | NA          | 43090.92     |
| 2020 | 9705.26                         | 5796.02  | 120.54  | 8921.84  | 1966.30 | 13935.46 | NA          | 40445.42     |
| 2021 | 11814.62                        | 6396.01  | 138.80  | 9976.59  | 2160.64 | 22344.87 | NA          | 52831.53     |
| 2022 | 13953.58                        | 5477.86  | 165.97  | 11678.96 | 2993.21 | 29938.36 | NA          | 64207.94     |
| 2023 | 12625.50                        | 5658.03  | 139.07  | 13595.12 | 3583.75 | 29371.94 | NA          | 64973.41     |
| Year | Imports of Other Members of EAC |          |         |          |         |          |             |              |
|      | Kenya                           | Uganda   | Burundi | Tanzania | Rwanda  | Congo    | South Sudan | Total Import |
| 2012 | 17910.89                        | 7648.50  | 793.55  | 12686.87 | 2185.17 | 11004.11 | 3434.80     | 55663.89     |
| 2013 | 18299.43                        | 7690.48  | 919.57  | 13520.66 | 2283.50 | 13405.26 | 7567.84     | 63686.74     |
| 2014 | 20279.3                         | 6870.19  | 928.06  | 13639.78 | 2474.50 | 15030.79 | 3664.09     | 62886.71     |
| 2015 | 17669.41                        | 8035.90  | 509.71  | 11214.71 | 2731.46 | 11984.6  | 3467.36     | 55613.15     |
| 2016 | 16171.5                         | 5485.15  | 440.55  | 9492.23  | 2961.88 | 11871.54 | NA          | 46422.85     |
| 2017 | 19080.38                        | 6202.98  | 441.59  | 9295.99  | 3067.03 | 14843.05 | NA          | 52931.02     |
| 2018 | 20167.35                        | 7096.22  | 557.82  | 10205.64 | 3342.05 | 17774.43 | NA          | 59143.51     |
| 2019 | 20408.41                        | 7865.67  | 614.61  | 10363.46 | 3741.29 | 15205.26 | NA          | 58198.7      |
| 2020 | 17711.64                        | 8116.38  | 588.87  | 9552.97  | 3648.74 | 14559.94 | NA          | 54178.54     |
| 2021 | 22000.77                        | 10510.44 | 661.15  | 11160.17 | 3887.43 | 22184.22 | NA          | 70404.18     |
| 2022 | 24605.58                        | 10244.59 | 779.40  | 14843.14 | 5148.96 | 31736.56 | NA          | 87358.23     |
| 2023 | 22046.33                        | 10602.36 | 642.83  | 16616.23 | 5718.53 | 31210.29 | NA          | 86836.57     |

Source: World Development Indicators, 2024

Kenya consistently posted the largest exports, starting at \$11,203.18 million in 2012 and rising to \$12,625.50 million in 2023. This reflects Kenya's dominance of the EAC's export market. Uganda and Tanzania both showed steady increases, with Uganda's exports from \$4,230.16 million in 2012 to \$5,658.03 million in 2023, while Tanzania's exports went from \$8,870.63 million in 2012 to \$13,595.12 million in 2023. Burundi and Rwanda had lower and more modest export levels, indicative of smaller-scale export industries for those countries. Congo DRC showed strong growth in exports with a value of \$29,371.94 million in 2023 from \$9,027.20 million in 2012, reflecting its tremendous natural resources. Data for South Sudan were missing for a couple of years and therefore it is difficult to know its export trend accurately.

Kenya also reported the highest imports, starting at \$17,910.89 million in 2012 and increasing to \$22,046.33 million in 2023. This indicates a high demand for products in Kenya. Uganda and Tanzania experienced an increase in imports year after year, indicating growing economies and consumption needs. Congo DRC and Rwanda reported a significant increase in imports, showing a growing market for foreign goods. South Sudan reported high imports in 2013 and 2014 but lacked data for a few years.

### 3. COMPARATIVE ANALYSIS OF TOTAL TRADE TRENDS IN SOMALIA AND OTHER EAC COUNTRIES

Historically, Somalia's economic structure, Somalia's trade dynamics have evolved in comparison to the broader trends within the East African Community (EAC). The table below provides a comparative analysis of the total trade (exports + imports) in Somalia and other EAC countries from 2012 to 2023, highlighting the growth and changes in trade activity within the region.

**Table 6: Comparative Analysis of Total Trade Trends in Somalia and other EAC Countries**

| Year | Total Trade (Exports + Imports) (USD Million) |         |             |                                    |          |             |
|------|---|---------|-------------|------------------------------------|----------|-------------|
|      | Somalia's Total Trade                         |         |             | Other Members of EAC's Total Trade |          |             |
|      | Exports                                       | Imports | Total Trade | Exports                            | Imports  | Total Trade |
| 2012 | 853.40  | 3012.55 | 3865.95     | 39586.03                           | 55663.89 | 95249.92    |
| 2013 | 942.60  | 3276.86 | 4219.46     | 39410.06                           | 63686.74 | 103096.8    |
| 2014 | 1097.73                                       | 3582.44 | 4680.16     | 45120.11                           | 62886.71 | 108006.8    |
| 2015 | 1037.96                                       | 3667.16 | 4705.12     | 39128.99                           | 55613.15 | 94742.14    |
| 2016 | 1067.19                                       | 3850.89 | 4918.08     | 32086.14                           | 46422.85 | 78508.99    |
| 2017 | 994.34  | 4239.78 | 5234.12     | 39381.39                           | 52931.02 | 92312.41    |
| 2018 | 1119.00                                       | 4693.24 | 5812.24     | 42604.81                           | 59143.51 | 101748.3    |
| 2019 | 1131.00                                       | 4954.40 | 6085.40     | 43090.92                           | 58198.7  | 101289.6    |
| 2020 | 1178.00                                       | 5352.64 | 6530.64     | 40445.42                           | 54178.54 | 94623.96    |
| 2021 | 1532.00                                       | 5969.20 | 7501.20     | 52831.53                           | 70404.18 | 123235.7    |
| 2022 | 1804.05                                       | 7455.98 | 9260.02     | 64207.94                           | 87358.23 | 151566.2    |
| 2023 | 2164.49                                       | 8001.81 | 10166.30    | 64973.41                           | 86836.57 | 151810      |

Source: World Development Indicators, 2024

The data also reflect a clear disparity in the overall trade of Somalia compared to the other countries of the East African Community between the periods of 2012 to 2023. Trade volumes of Somalia, even as they are always increasing, are relatively low compared to the remainder of the EAC states. For instance, Somalia's total trade rose from \$3,865.95 million in 2012 to \$10,166.30 million in 2023, while the trade among the rest of the EAC countries rose from \$95,249.92 million in 2012 to \$151,810 million in 2023. This indicates that although Somalia has progressed, its trade activity is still much lower than in the larger region.

Somalia's exports also posted notable growth, rising from \$853.40 million in 2012 to \$2,164.49 million in 2023, though still well behind the rest of the EAC countries, whose combined exports went up from \$39,586.03 million in 2012 to \$64,973.41 million in 2023. Similarly, Somalia's imports posted consistent growth, from \$3,012.55 million in 2012 to \$8,001.81 million in 2023. Compared to the region, though, whose imports went up from \$55,663.89 million to \$86,836.57 million during the same period, it's clear that Somalia's economic activities are not as integrated into regional and global trade. In general, although Somalia has made strides, it is severely challenged to catch up with the trade patterns of other EAC nations, in which case specialty strategies are needed to bolster its trade capabilities.

EAC membership would enable Somalia to access a market of over 300 million people, increasing its exports, especially in agriculture, livestock, and fish. It would open up new markets and avenues for trade to increase exports. Somalia would get less expensive imports, which would be convenient for business and consumers. EAC membership would increase infrastructure and attract more investment, with Somalia being able to develop. Also, Somalia's location can draw more foreign investment and grow its position in global trade.

#### 3.1. Trade Patterns Between Somalia and the East African Community (EAC): Somalia's Export to Other Members of EAC Countries

The table below presents the export trends from Somalia to other East African Community (EAC) countries over the period from 2012 to 2023. It illustrates the fluctuating export values, with notable changes in the volume and distribution of exports to EAC members.

**Table 7: Total Export of Somalia to Other Members of EAC Countries (USD)**

| Year         | Somalia's Export share to other members of EAC Countries |                  |              |                |               |                |             | Total Export      |
|--------------|--|------------------|--------------|----------------|---------------|----------------|-------------|-------------------|
|              | Kenya  | Uganda           | Burundi      | Tanzania       | Rwanda        | Congo          | South Sudan |                   |
| 2012         | 205,000  | 298,000          | 1,000        | 7,000          | 0             | NA             | NA          | 511,000           |
| 2013         | 3,411,000  | 16,000           | 0            | 0              | 0             | NA             | NA          | 3,427,000         |
| 2014         | 1,709,000  | 4,000            | 0            | 52,000         | 0             | NA             | NA          | 1,765,000         |
| 2015         | 293,000  | 497,000          | 0            | 426,000        | 0             | 0              | NA          | 1,216,000         |
| 2016         | 521,000  | 671,000          | 0            | 0              | 0             | 0              | NA          | 1,192,000         |
| 2017         | 911,000  | 229,000          | 0            | 0              | 1,000         | 39,000         | NA          | 1,180,000         |
| 2018         | 8,645,000  | 265,000          | 0            | 0              | 39,000        | 9,000          | NA          | 8,958,000         |
| 2019         | 4,329,000  | 785,000          | 0            | 0              | 0             | 17,000         | NA          | 5,131,000         |
| 2020         | 507,000  | 76,000           | 0            | 2,000          | 0             | 9,000          | NA          | 594,000           |
| 2021         | 895,000  | 36,000           | 0            | 3,000          | 2,000         | 90,000         | NA          | 1,026,000         |
| 2022         | 772,000  | 511,000          | 0            | 30,000         | 0             | 36,000         | NA          | 1,349,000         |
| 2023         | 348,000  | 180,000          | 0            | 64,000         | NA            | 146,000        | NA          | 738,000           |
| <b>TOTAL</b> | <b>22,546,000</b>  | <b>3,568,000</b> | <b>1,000</b> | <b>584,000</b> | <b>42,000</b> | <b>346,000</b> | <b>NA</b>   | <b>27,087,000</b> |

Source: ITC calculations based on UN COMTRADE statistics since January 2021.

Somalia exports very little to the EAC nations compared to imports. Between 2012 and 2023, total exports were around \$27 million. Kenya is the top export destination of Somalia, making up about 83% of all the exports to the EAC nations. Exports to Kenya were highest in 2018, reaching \$8.65 million, but reduced after that. Kenya remains the main nation that Somalia exports to. Uganda ranks second in importing Somalia's exports, but the percentage is extremely low, about 13% of total. Exports to Uganda were highest in 2012 but declined afterwards. Tanzania only imports a negligible portion of Somalia's exports, with higher figures in 2014 and 2015. Burundi, Rwanda, and Congo DR import very little of Somalia's exports. Exports to Rwanda are zero in recent years. No export is also on display by South Sudan at the moment, i.e., there are no exports between South Sudan and Somalia.

Somalia's exports to the EAC were highest in 2018 when they were at \$8.96 million, mainly to Kenya. The exports have since then decreased and only hit \$738,000 in 2023. This could signal that there is a decrease in demand or there are issues of trade.

Exports in Somalia are heavily dependent upon Kenya. If Kenya reduces the demand for Somali goods, it could have a direct impact on Somalia's total exports. Exports to Uganda, Tanzania, and Rwanda are very small, so Somalia is not tapping the full potential of these markets. Somalia could try to increase exports to Uganda, Tanzania, and Rwanda to make the trade more regionally balanced.

### 3.2. Somalia's Imports from Other Members of EAC Countries

The table below highlights the import trends of Somalia from other East African Community (EAC) countries between 2012 and 2023. It provides an overview of how the volume of imports has evolved over time.

**Table 8: Somalia Import from Other Members of EAC Countries (USD)**

| Year | Somalia's imports from Other Members of EAC Countries |            |           |           |           |       |             | Total Import |
|------|---|------------|-----------|-----------|-----------|-------|-------------|--------------|
|      | Kenya   | Uganda     | Burundi   | Tanzania  | Rwanda    | Congo | South Sudan |              |
| 2012 | 227,883,000   | 13,710,000 | 0         | 1,049,000 | 0         | NA    | NA          | 242,642,000  |
| 2013 | 196,689,000   | 7,780,000  | 0         | 586,000   | 0         | NA    | NA          | 205,055,000  |
| 2014 | 150,117,000   | 4,475,000  | 0         | 6,681,000 | 23,000    | NA    | NA          | 161,296,000  |
| 2015 | 155,285,000   | 2,255,000  | 0         | 2,794,000 | 0         | 0     | NA          | 160,334,000  |
| 2016 | 176,746,000   | 2,793,000  | 0         | 387,000   | 0         | 0     | NA          | 179,926,000  |
| 2017 | 190,177,000   | 1,484,000  | 0         | 1,490,000 | 201,000   | 0     | NA          | 193,352,000  |
| 2018 | 148,777,000   | 1,241,000  | 0         | 1,041,000 | 38,000    | 0     | NA          | 151,097,000  |
| 2019 | 116,023,000   | 556,000    | 2,891,000 | 2,344,000 | 1,616,000 | 0     | NA          | 123,430,000  |
| 2020 | 106,941,000   | 676,000    | 0         | 1,552,000 | 157,000   | 0     | NA          | 109,326,000  |
| 2021 | 122,532,000   | 1,457,000  | 113,000   | 558,000   | 749,000   | 0     | NA          | 125,409,000  |

|              |                      |                   |                  |                   |                  |              |           |                      |
|--------------|----------------------|-------------------|------------------|-------------------|------------------|--------------|-----------|----------------------|
| <b>2022</b>  | 129,983,000          | 3,271,000         | 364,000          | 1,070,000         | 400,000          | 0            | NA        | 135,088,000          |
| <b>2023</b>  | 155,229,000          | 2,748,000         | 175,000          | 1,029,000         | NA               | 1,000        | NA        | 159,182,000          |
| <b>TOTAL</b> | <b>1,876,382,000</b> | <b>42,446,000</b> | <b>3,543,000</b> | <b>20,581,000</b> | <b>3,184,000</b> | <b>1,000</b> | <b>NA</b> | <b>1,946,137,000</b> |

Source: ITC calculations based on UN COMTRADE statistics since January 2021.

Most of Somalia's imports from the EAC members are from Kenya, representing about 96% of the total imports over the years. Kenya's imports to Somalia were the highest in 2012 at \$227.88 million and have remained high compared to other EAC members. Uganda is the second largest source, but its share is small, representing only 2% of the total imports. Imports from Uganda were highest in 2012 at \$13.71 million but declined subsequently. Imports from Tanzania are insignificant at \$20.58 million during the period and show no pattern of growth. Rwanda, Burundi, and Congo DR Imports from Rwanda, Burundi, and Congo DR are insignificant, often less than \$1 million annually, with very little trade activity.

The overall imports from EAC nations by Somalia were highest in 2012 (\$242.64 million) but declined over the years and ended at its lowest \$109.33 million in 2020. This can be due to hard economic times or trade preference change.

There is almost no record of import from South Sudan, which means very little or no trade relationship between the two countries.

### 3.3. Somalia's Trade Imbalance with the EAC: Exports and Imports (2012-2023)

The table 9 illustrates the persistent trade imbalance between Somalia and the East African Community (EAC) from 2012 to 2023. Despite fluctuations in export figures, Somalia's imports from the EAC consistently outpaced its exports, underscoring the nation's reliance on the region for goods and the limited development of its export capacity.

**Table 9: Somalia's Trade Imbalance with the EAC: Exports and Imports (2012-2023)**

| Year         | Somalia's Export to EAC | Somalia's imports from EAC |
|--------------|-------------------------|----------------------------|
| <b>2012</b>  | 511,000                 | 242,642,000                |
| <b>2013</b>  | 3,427,000               | 205,055,000                |
| <b>2014</b>  | 1,765,000               | 161,296,000                |
| <b>2015</b>  | 1,216,000               | 160,334,000                |
| <b>2016</b>  | 1,192,000               | 179,926,000                |
| <b>2017</b>  | 1,180,000               | 193,352,000                |
| <b>2018</b>  | 8,958,000               | 151,097,000                |
| <b>2019</b>  | 5,131,000               | 123,430,000                |
| <b>2020</b>  | 594,000                 | 109,326,000                |
| <b>2021</b>  | 1,026,000               | 125,409,000                |
| <b>2022</b>  | 1,349,000               | 135,088,000                |
| <b>2023</b>  | 738,000                 | 159,182,000                |
| <b>TOTAL</b> | <b>27,087,000</b>       | <b>1,946,137,000</b>       |

Source: ITC calculations based on UN COMTRADE statistics since January 2021.

Between 2012 and 2023, Somali's exports to the East African Community (EAC) were significantly lower in value than imports. Somali's exports to the EAC in total were valued at \$27.1 million, with a maximum of \$8.96 million in the year 2018. In total, Somali imports from the EAC amount to \$1.95 billion, which accounts for a significantly large trade disparity. The import values have also been higher consistently annually, with the largest import value in 2013 amounting to \$205 million. The imbalance is an indication that Somalia relies greatly on the EAC for imports but has an underdeveloped ability to export to the region. The imbalance necessitates Somalia to boost its exports in a bid to balance the trade interaction and enjoy the advantage of the regional market.

**Table 10: Main Products Traded Between Somalia and Other EAC Countries**

| Main Products Exported to EAC  | Main products imported form EAC   |
|--|---|
| Aircraft, spacecraft, and parts thereof  | Aircraft, spacecraft, and parts thereof   |
| Articles of iron or steel  | Articles of iron or steel   |
| Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television  | Coffee, tea, maté and spices  |
| Fish and crustaceans, molluscs and other aquatic invertebrates                                     | Dairy produce; birds' eggs; natural honey; edible products of animal origin, not elsewhere        |
| Furniture; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings; . . . | Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television |



|  |  |
|--|--|
| Miscellaneous edible preparations  | Electrical machinery and equipment and parts thereof; sound recorders and reproducers, television  |
| Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof                      | Essential oils and resinoids; perfumery, cosmetic or toilet preparations                           |
| Railway or tramway locomotives, rolling stock and parts thereof; railway or tramway track fixtures | Mineral fuels, mineral oils and products of their distillation; bituminous substances; mineral . . |
| Ships, boats and floating structures   | Miscellaneous edible preparations  |
| Vehicles other than railway or tramway rolling stock, and parts and accessories thereof            | Nuclear reactors, boilers, machinery and mechanical appliances; parts thereof                      |
|  | Cocoa and cocoa preparations   |
|  | Other made-up textile articles; sets; worn clothing and worn textile articles; rags                |
|  | Pharmaceutical products  |
|  | Plastics and articles thereof  |
|  | Preparations of cereals, flour, starch or milk; pastrycooks' products                              |
|  | Preparations of vegetables, fruit, nuts or other parts of plants                                   |
|  | Tobacco and manufactured tobacco substitutes; products, whether or not containing nicotine         |
|  | Vegetable plaiting materials: vegetable products not elsewhere specified or included               |
|  | Wood and articles of wood; wood charcoal   |

Source: ITC calculations based on UN COMTRADE statistics since January 2021.

### 3.4. Geographic Proximity and Regional Accessibility

Proximity in geography plays a significant role in deciding trade relationships and integration prospects. Samad et al. (2023) believe that geographic proximity leads to higher trade flows due to the reduced costs of transportation and transit time. Countries or regions with border crossings or linked by sea and land transport will be more likely to engage in cost-effective trade. Ali (2017) also restates this same feeling by stating that proximity induces regional trading blocs and promotes the building of value chains whereby companies leverage the strengths of other companies within adjacent states.

The following table holds the distances (Km) from Mogadishu to the capitals of East African Community (EAC) member states, indicating the relative accessibility and logistically located Somalia within the region:

**Table11. Distances from Mogadishu to Capital Cities of EAC Member States**

| Country                      | Capital City | Distance in KM |
|------------------------------|--------------|----------------|
| Kenya                        | Nairobi      | 1015.44        |
| Tanzania                     | Dodoma       | 1402.74        |
| Uganda                       | Kampala      | 1429.81        |
| South Sudan                  | Juba         | 1553.93        |
| Rwanda                       | Kigali       | 1753.68        |
| Burundi                      | Bujumbura    | 1873.78        |
| Democratic Republic of Congo | Kinshasa     | 3409.05        |

Source: Distance Between Cities on Map <https://www.distancefromto.net/>

The table clearly shows that Somalia is geographically closer to large EAC members such as Kenya (1,015 km), Uganda (1,429 km), and Tanzania (1,402 km), thus enhancing its prospects of having affordable trade and transport connections in the region. The relatively shorter distances enable Somalia to integrate logistically into regional value chains. Conversely, countries like the Democratic Republic of Congo (3,409 km), Burundi (1873.78) and Rwanda (1753.68) are farther away, representing higher trade costs and logistics challenges. These trends highlight the necessity for targeted infrastructure development and trade facilitation interventions with Somalia's nearest EAC neighbors in order to maximize integration benefits.

### 3.5. Somalia's Entry into Regional Opportunities

Somalia's accession to the East African Community (EAC) in 2023 offers a transformative opportunity for Somalia's political, social, and economic development. The EAC's eighth member, Somalia will benefit from regional integration platforms that aim at deepening liberalization of trade, infrastructure development, investment promotion, and political stability among

member states (EAC Secretariat, 2023). Somalia's geopolitical location, at the Horn of Africa, and geographical location, at the coast of the Indian Ocean, confer on it a comparative regional maritime trade and logistics advantage (World Bank, 2020; Mohamed, 2021).

Membership of the East African Community (EAC) provides Somalia with a regional market of over 300 million consumers and a GDP of over \$305 billion (East African Community [EAC], 2023). The integration offers enormous potential for export expansion, particularly where Somalia enjoys comparative advantages such as livestock, fishery, agriculture, and light manufacturing. Through reducing tariffs and non-tariff barriers between member countries, Somalia will be able to increase its trade competitiveness, improve its foreign exchange earnings, and stimulate its development of SMEs. Besides, participation in regional value chains enables Somalia to connect its agriculture and manufacturing outputs to broader East African production and export networks, which results in economic diversification and resilience (African Development Bank Group, 2024; Rift Valley Institute, 2024).

Another imperative benefit linked to regional membership is infrastructure development. Through connectivity to EAC projects such as the Northern Corridor Integration Projects and Central Corridor projects, Somalia can enjoy increased road, rail, and port connections that can enhance intra-regional trade as well as border trade (Mohamed, 2024). These initiatives, which maximize the effectiveness of transport and minimize the cost of doing business, are vital to Somalia's landlocked trading partners, and thereby Somalia becomes a significant logistics gateway linking Africa, Asia, and the Middle East (Xinhua, 2024).

In addition, EAC membership also brings Somalia political and security advantages. Joining regional peace and security frameworks such as the East African Standby Force (EASF) can stabilize Somalia. Regional economic integration frameworks can also enhance harmonization of policy in customs administration, investment regulation, and public governance, improving Somalia's institutional capacity (Reith and Boltz, 2011).

Despite these advantages, Somalia must overcome several internal challenges to benefit most. Political volatility, weak institutional mechanisms, fragile infrastructure, and weak industrial capabilities now undermine Somalia's ability to be a proactive actor in regional trade and investment (Hassan, 2022). Lacking daring policies towards better governance, modernization of productive sectors, diversification of exports, and improving the investment climate, Somalia will remain a peripheral actor in the EAC. Strategic investments and focused reforms must be made if Somalia is to leverage the regional platform to its fullest potential for long-term economic development and sustainable growth.

Finally, Somalia membership in the EAC is a gateway to regional infrastructure, security, investment, and trade opportunities. Implemented effectively, EAC membership can be the catalyst to propel Somalia to a more developed, more integrated, and a more stable economy.

### **3.6. Challenges Hindering Somalia's Regional Integration into the EAC**

While Somalia's membership in the East African Community (EAC) presents immense opportunities, the country has immense challenges that can bar its full integration and ability to benefit from regional integration. Their recognition and solving are critical for effective membership of Somalia in the EAC and for achieving maximum benefits of regional integration.

Political instability and insecurity are immense challenges that have so far plagued Somalia.

Despite recent progress, Somalia continues to face conflict, weak governance systems, and the presence of militant groups continue to detract from the country's ability to enjoy stable economic policies and uphold the rule of law (Mohamed, 2024). Stability is a pre-condition for regional integration because it creates investor confidence, encourages cross-border trade, and enables full participation in regional programs. Without enduring political stability, Somalia becomes susceptible to being seen as a weak partner in the EAC model.

Poor infrastructure is the other significant obstacle. Somalia's transport networks, port facilities, energy facilities, and communication networks are worse off compared to other EAC member countries (African Development Bank Group, 2024). Efficient infrastructure is needed to reduce trade costs, promote industrialization, and enhance competitiveness. Somalia's weak road and railway networks, weak port upgrading, and erratic energy supply restrict its ability to engage optimally in intra-regional trade and to receive foreign direct investment.

Limited export diversification also restrains Somalia's integration possibilities. The country's exports remain focused, predominantly in livestock products, bananas, and fish commodities, with Kenya being the top trade partner (ITC-UN COMTRADE, 2021). Lack of a diversified export base makes Somalia vulnerable to higher external shocks as well as reduces its ability to export a broader range of goods to EAC markets. Further, the current volume of Somalia's exports to EAC countries is relatively small compared to its imports, hence perpetuating a persistent trade deficit (World Development Indicators, 2024).

Regulatory and institutional weaknesses further complicate Somalia's regional integration efforts. The country faces challenges in aligning its trade, investment, and customs regulations with EAC standards. Effective regional integration requires harmonized policies on tariffs, non-tariff barriers, technical standards, and dispute resolution mechanisms (UNECA, 2016). Somalia's limited institutional capacity and bureaucratic inefficiencies delay the implementation of such reforms, limiting its ability to fully participate in the EAC's economic programs.

Shortages of human capital and low industrial productivity also hinder integration. Somalia's education system, though improving, is still not adequate to support the economy of a contemporary period. Low technical competence, inadequate access to training, and low productivity levels in key sectors limit Somalia's competitiveness in regional and global markets (World Bank, 2020). In the absence of significant investments in education, vocational training, and technology innovation, Somalia will find it difficult to become part of regional value chains and to benefit from knowledge and technology transfer within the EAC.

Facilitation bottlenecks of trade and non-tariff barriers remain to be obstacles. Even though Somalia is an EAC member, delays in customs, corruption at borders, and bureaucratic inefficiencies could still limit the unhindered movement of goods and services between Somalia and other EAC countries (EAC Secretariat, 2023). Such obstacles can be addressed by well-recommended reforms in customs modernization, efforts in transparency, and more cross-border cooperation.

Another significant impediment to Somalia's regional integration is its underdeveloped digital environment and low rates of participation in regional digital economies. Under the new EAC configuration, digital connectivity—specifically cross-border e-commerce, digital trade facilitation, and financial integration—is at the center of regional economic action. Somalia lags behind in digital readiness with low internet penetration, low cross-border mobile money interoperability, and weak cybersecurity frameworks. These digital divides hinder Somalia from engaging effectively in regional digital spaces, which are increasingly vital for trade, innovation, and inclusive growth. According to the (World Bank, 2024). It is essential to develop digital infrastructure and regulatory alignment in Africa to enable countries such as Somalia to reduce transaction costs and enable increased participation in regional value chains through digital channels.

Lastly, while Somalia's entrance into the EAC is a positive achievement, some challenges—political instability, infrastructural deficits, absence of export diversification, weak institutions, human capital deficits, and trade barriers—pose great risks to its success of regional integration. Overcoming these challenges through harmonized national reforms and regional support facilitations is still paramount to Somalia achieving the full potential of EAC membership.

#### **4. CONCLUSION**

Somalia's accession to the East African Community (EAC) is a landmark step in its journey towards economic recovery, regional integration, and sustainable development. The study found that while Somalia's total trade has expanded considerably between 2012 and 2023, Somalia continues to face severe structural challenges like a chronic trade deficit, low export diversification, political instability, and inadequate infrastructure. Somalia's trade is still dominated by imports, especially from Kenya, and exports to the rest of the EAC countries are negligible, pointing to an imbalance that should be addressed urgently.

The opportunities for EAC membership are enormous. Somalia has access to a large regional market, investment inflows, infrastructure development initiatives, and regional security arrangements. Agriculture, fisheries, and manufacturing are some of the sectors with great potential for growth if supported by selective reforms. Insertion into EAC regional value chains and cross-border operations could also help Somalia diversify the economy, attract investment, and create jobs.

However, accessing these opportunities requires Somalia to address the numerous challenges which hinder its smooth integration into the region. Political stability, infrastructure modernization, export base diversification, institutional reforms, and human capital development are essential if Somalia is to integrate into the EAC successfully. Furthermore, harmonization of Somalia's regulatory frameworks with those of the EAC and trade facilitation mechanisms will be crucial in enhancing competitiveness and ensuring equitable participation in the regional economy.

In conclusion, Somalia's accession to the EAC is a positive step, but its benefits will be maximally exploited through a concerted and integrated national effort, supported by aid from regional partners. By strategic planning and focused investment in priority areas, Somalia is able to reverse its economy, boost regional relations, and contribute meaningfully to the East African Community's goals of higher integration and common prosperity.

#### **Recommendations**

To maximize the benefits of accession to the East African Community (EAC) and address its major challenges, the following measures are recommended for Somalia:

### **1. Diversify Export Products**

It is recommended that Somalia expand its export base beyond livestock and fish, incorporating products such as processed foods, textiles, and manufactured goods to enhance competitiveness and reduce vulnerability to market fluctuations.

### **2. Improve Roads, Ports, and Electricity Infrastructure**

It is recommended that Somalia invest substantially in the restoration and development of its transport networks, port facilities, and energy distribution systems. Enhancing infrastructure will reduce transaction costs and facilitate smoother trade flows.

### **3. Enhance National Security**

It is recommended that Somalia prioritize the establishment of political stability and public safety. A secure environment is essential for attracting foreign investment, supporting domestic enterprises, and sustaining economic development.

### **4. Promote Small and Medium-Sized Enterprises and Industrialization**

It is recommended that Somalia promote the development of small factories and enterprises, particularly in the agricultural and manufacturing sectors, to reduce reliance on imports and stimulate local production.

### **5. Align with EAC Regulatory Standards**

It is recommended that Somalia harmonize its legal frameworks and institutional structures with EAC standards to facilitate trade, investment, and labor mobility within the region.

### **6. Expand Trade Relations within the EAC**

It is recommended that Somalia broaden its trade partnerships beyond Kenya to include other EAC member states such as Uganda, Tanzania, and South Sudan in order to achieve a more balanced and diversified trade profile.

### **7. Invest in Human Capital Development**

It is recommended that Somalia strengthen investments in education, vocational training, and workforce development to enhance labor productivity and support economic growth.

### **8. Support Export Promotion Initiatives**

It is recommended that Somalia establish dedicated government agencies or support offices to assist businesses in accessing EAC and international markets, providing advisory services, logistical support, and market information.

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