

# Somalia's Integration into the East African Community (EAC): Benefits and Potential Challenges

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Received: April 19, 2024

Accepted: May 1, 2024

Published: Jun 30, 2024

**Abstract:** This paper aims to explore the benefits and potential challenges of Somalia's integration into the East African Community (EAC). The EAC is a regional intergovernmental organization consisting of six member states, including Kenya, Tanzania, Uganda, Rwanda, Burundi, and South Sudan. Somalia has expressed interest in joining the EAC and has taken steps towards integration, including participating in EAC meetings and harmonizing its policies with those of the community. The paper will examine the potential benefits of Somalia's integration into the EAC, such as increased trade opportunities, economic growth, and political stability. It will also analyze the potential challenges, including concerns around security and political instability in Somalia, as well as issues related to infrastructure development and trade imbalances. Additionally, the paper will discuss the impact of Somalia's integration on the existing EAC member states, particularly in relation to trade and security. The research for this paper will be conducted through a desktop literature review. The paper will provide recommendations for policymakers in Somalia on how to address potential challenges and maximize the benefits of Somalia's integration into the community. Overall, the paper aims to contribute to the ongoing debate on the role of regional integration in promoting economic and political development in Africa.

**Keywords:** Economic Integration, Value Chain, Infrastructure, Investment Regulation, Political Stability

**JEL Classification:** F36

## 1. Introduction

Somalia's integration into the East African Community (EAC) has been a topic of discussion in recent years. The EAC is a regional intergovernmental organization that promotes economic and political integration among its member states, which include Kenya, Tanzania, Uganda, Rwanda, Burundi, and South Sudan. Somalia See (Appendix 1)

has expressed interest in joining the community and has taken steps towards integration, but there are both benefits and potential challenges to consider.

### **1.1. Background**

Somalia is a country located in the Horn of Africa that has experienced decades of conflict, political instability, and economic underdevelopment. In recent years, the country has made significant progress towards stability and reconstruction, with the establishment of a new federal government in 2012 and the recapture of several key cities from the extremist group Al-Shabaab. Hence the interest in the renewal of memberships in global entities such as many UN agencies and regional groups such as the East African Community (EAC). According to the African Union (2019), one of the ways in which Somalia is seeking to promote its economic and political development is by integrating into regional organizations such as the EAC.

The EAC is a regional intergovernmental organization consisting of six member states, including Kenya, Tanzania, Uganda, Rwanda, Burundi, and South Sudan. The EAC was established in 2000 with the aim of promoting economic, social, and political integration among its member states (East African Community 2021). The community has made significant progress in harmonizing policies and increasing trade among member states, with a combined population of over 177 million people and a GDP of over \$220 billion (World Bank, 2021). Somalia has expressed interest in joining the EAC and has taken steps towards integration, including participating in EAC meetings and harmonizing its policies with those of the community.

### **1.2. Context**

Somalia's integration into the EAC has the potential to bring significant benefits to both Somalia and the existing member states. For Somalia, integration into the community could provide increased access to regional markets, facilitate trade and investment among the business community, and promote economic growth and development in many sectors.

For the EAC member states, Somalia's inclusion could provide a new market for goods and services and expand the community's geopolitical influence. However, there are also potential challenges to Somalia's integration, including concerns around security and political instability in Somalia, as well as issues related to infrastructure development and trade imbalances (UNDP 2020).

## 2. Methodology and Research Questions

The paper attempts to answer the pertinent question about the integration of Somalia into the EAC such as what are the political and economic benefits as well as what are possible potential challenges to be expected? The scope of the paper will be limited to the issues that has arisen over the last decade and within the political and economic sphere.

Using critical lens the paper's findings suggest that there are better ways to manage the integration process that the Somali policy makers in this area can pursue rather than relying on external consultants and advisors. As well as cross-border trade, and how this will impact economic growth and job creation. The paper explored how this integration will facilitate regional value chains, which can lead to increased efficiency and competitiveness. Paying close attention on how the economic integration will enhance or hinder member states to negotiate better trade deals with other countries and regions (UNDP 2018).

The focus areas the paper have covered are: economic integration, i.e. harmonization of policies and regulations in areas such as investment, competition, and intellectual property rights, as well as the development of regional infrastructure projects.

## 3. Literature Review

Systematic literature review on this topic over the last 10 years was conducted using keyword in the search at Google Scholar databases, Emeralds, Web of Science, Scopus, among other databases. The search keywords used were "East African Community" and "economic integration" and then this was narrowed down to paper and sources that mentioned Somalia (See Appendix 1) Existing literature on Somalia's integration into the EAC is found to be limited and the reason could be due to the limited researchers in general and Somalis in particular who engaged in research on this topic. The reason for that could be the many earlier failures of Somalia's previous attempts at integration.

**Table 1. Keywords and Descriptions Used in The Search**

Normal	Boolean	Proximity	Truncation
"East Africa Community"	"East African" and "Community"	EAC ADJ economic integration	East Afr*
"Economic Integration"	"East Africa Community" AND "Economic Integration"	East African ADJ economic integration	Econ*

The literature review used keywords to search for content. However, the focus was on the history, the benefits of regional integration and the challenges faced by countries seeking to join the EAC. Due to the limited scope of the paper, it briefly, in general way, looked into Somalia's current political, economic, and social conditions, and how they may affect its integration into the EAC. Applying bibliometric analysis showed that history and structure of the EAC are covered more than economic integration.

#### **4. Findings**

It is important to mention this paper reviewed the possibility of uneven economic benefits among the members. This paper takes the position and sees as negative outcome the possibility of uneven economic benefits among the members. There are also issues with infrastructure and logistics, which can make it difficult for goods and services to move across borders. Political instability and conflicts within some member states can also pose challenges to economic integration.

At this stage based on the literature the benefits of Somalia's Integration into the EAC is limited. However, the author of the paper, being member of the new Somali generation disagrees with that and believes the potential benefits are worth the effort to achieve economic integration into the EAC.

There is enough evidence in the literature to show that there will be increased trade opportunities and economic growth development. This author's own observation and lived experience confirms this. There are a huge number of Somalis doing business in the EAC and formal integration will legitimise their businesses and may even lead to political stability and strengthened regional security.

The paper acknowledges the potential challenges regarding security concerns and political instability in Somalia, however, as mentioned above this cannot be substantiated by evidence in the literature. The business development gains resulting from investment in infrastructure overrides the possible trade imbalances. Some members of the EAC might view the trade and business competition as negative and this might manifest itself in resisting the economic integration (WTO 2021).

There could be implementation challenges such as normalising and standardising tariffs, rules and regulation and possibly amendments to certain laws that will require involvement of parliaments and legislators which could delay the process to achieve an inclusive EAC economic integration. Impact on existing EAC members in their trade and

investment opportunities should not be under-estimated as well possible negative impact on regional security framework.

Through joining the EAC, the findings of this paper promote that Somalia would gain access to a wide range of resources that would be beneficial for the nation. This includes access to education and healthcare, as well as technical and financial support. Furthermore, the EAC has established a number of development initiatives that would help to improve the lives of the citizens of Somalia. These initiatives could have a direct effect on the nation's economic and social development.

#### **4.1. Policy Recommendations**

Somalia's economic integration into the East African Community (EAC) is essential for its long-term economic growth and development. See below for some policy recommendations for Somalia's economic integration into the EAC

This paper recommends strategies to address potential challenges should be developed in earnest. Ways to maximise opportunities for maximizing benefits and mechanisms to ensure the economic benefits contribute to other aspects of the community such as the education, health and cultural sectors. The role of private sector and institutional capacity deserve more attention and possible pathways are suggested below.

**Strengthening institutional capacity:** Somalia needs to enhance its institutional capacity to effectively engage in regional economic integration. This includes improving its legal and regulatory framework, as well as building institutional capacity in areas such as trade policy formulation, negotiation, and implementation. However, this will also require amending certain national policies.

**Promoting private sector development:** A vibrant private sector is essential for economic growth and development. Somalia should promote private sector development by creating an enabling business environment, providing access to finance, and promoting entrepreneurship and innovation. Engaging the Somali diaspora can help in this area as they invest heavily many sectors.

## **5. Conclusion**

Somalia's integration into the EAC has the potential to bring significant benefits to the country, including increased trade, regional cooperation, and economic development.

However, Somalia also faces numerous challenges that must be addressed before it can become a full member of the EAC. This paper's findings will contribute to the ongoing discussion about Somalia's integration into the EAC and provide policymakers with insights into how Somalia can overcome the challenges it faces.

The findings suggest that the Somali government should rely on its own resources to find out the benefits and challenges of the economic integration to the EAC. External consultants and advisors thoughts and visions might not necessarily be aligned to Somali's expected future outcomes. This paper suggests Somali policymakers and stakeholders to consider seriously the future implications of this integration to the EAC as it will impact the future generation.

This paper will contribute to the literature in this field for other researchers who are working or planning to do field research in this area. It is expected that it will motivate and encourage other future researcher.

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## Appendix 1

