



REPORT

BERBERA CORRIDOR

The Eastern Corridor:
Connecting the Borderland Economies of
Somaliland & Somalia

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Introduction

Somaliland's government inked a 30-year concession agreement with Dubai-based port operator DP World in 2016. The port and the Berbera corridor are being modernized as part of this project. It is Somaliland's largest foreign direct investment initiative since 1991. Initially, the literature on the corridor was driven by four objectives: a) Ethiopia's alternative sea access, b) Djibouti's corridor congestion, c) Djibouti's unilateral termination of the concession agreement with DP World, and d) Somaliland's vision for sustainable economic growth and development. These circumstances have prompted the Ethiopian and Somaliland governments, as well as DP World, to invest in the Berbera corridor, a long-term strategy that has been considered for two decades.

DP-World spent 427 million USD in Djibouti's multimodal Doraleh cargo terminal in 2006. Several years later, the Djiboutian government unilaterally canceled DP World's 30-year concession deal, claiming the business failed to invest in the project's second phase (Strategy, 2020). Due to Ethiopia's reliance on the Djibouti port infrastructure and subsequent agreement with Somaliland to use the Berbera corridor for marine traffic, DP World moved in to capture this opportunity by concluding a bilateral arrangement with the Somaliland government.

The agreement (for a 442 million USD investment in a new 400-meter berth with a depth of 11.5-12 meters) was arranged by President Ahmed Silanyo's former government and fully implemented by his successor, President Muse Bihi. DP World and the President of Somaliland jointly opened the port extension on the 24th of June 2021. The new port features a 17-meter-deep draft, a 400-meter-long dock, and three state-of-the-art ship-to-shore (STS) gantry cranes. The port's capacity will increase to 500,000 TEUs per year from the present 150,000 TEUs per year (DP World, 2021). Additionally, the New Port will be expanded further to 600 meter-long and will increase the capacity to 2 Million TEU per annum (DP World, 2021). On the other hand, The Abu Dhabi Fund for Development and the Foreign, Commonwealth and Development Office (FCDO) are funding the corridor, which connects Somaliland to the Ethiopian hinterland. The transformation of the Berbera corridor into an economic hub for Somaliland is being hailed as a game changer for the country's livestock-based, remittance-dependent economy.

The prevailing narrative of the Berbera corridor has been identified as Ethiopia-centric and transshipment-concentrated. As a result, alternative marketplaces have received less attention. Due to the fact that this narrative shapes the economic prospects of the Berbera corridor, inclusive economic development (meaning the inclusion of the eastern part of Somaliland into the corridor development and investment projects) in Somaliland is viewed as unachievable by



both investors and key policymakers in Somaliland. The Berbera corridor's development aims, which are centered on Ethiopia, overlook the possibilities of the Eastern corridor—the route that connects Somaliland to Somalia. As a result, this report proposes that the Berbera corridor be expanded to the eastern parts of Somaliland, thereby facilitating more inclusive economic development along the corridor length-reducing the level of economic disparity between eastern and western regions of Somaliland. The Eastern corridor would not only include Somaliland's eastern regions into the corridor's development narrative, but would also foster a potential Somaliland-Somalia economic integration, which would a) lessen violence between Somaliland and Somalia and b) increase Somaliland-Somalia trade. Increased capital, goods, and people mobility between Somaliland and Somalia would contribute to economic interdependence, which could eventually result in both countries achieving a final political settlement - a two-state solution - that ends decades of conflict and contestation along the border.

Background

With the total collapse of the Somali Republic founded by the voluntary unification of British Somaliland and Italian Somalia, Somaliland brought an end to a three-decade-long union between Somaliland and Somalia through a decade-long violent battle led by the Somali National Movement (International, 2005). Due to its unilateral withdrawal from the Somali Republic in 1991, Somaliland has been missing from Somalia's political reconstruction conferences since 1991. On 18 May 2021, Somaliland celebrated thirty years of peaceful and democratic de facto statehood. In Somalia, despite considerable international support, including the deployment of Africa's largest peacekeeping mission, instability and political dysfunction continue to reign. Somalia's turmoil has harmed Somaliland's hard-won peace and stability (APD, 2021). Additionally, with the establishment of the regional authority Puntland State, Somaliland's border with Somalia has become a significant source of instability within the region.

Puntland was founded in 1998 as a semi-autonomous region of Somalia. Furthermore, Puntland is Somalia's most stable Federal Member State (FMS). Both Somaliland and the Puntland State of Somalia have experienced relative stability in a region rife with warfare. Additionally, the two have battled for control of the eastern Sanaag and Sool districts (Hoenhe, 2015). Somaliland rests its claim on colonial boundaries established when these two provinces were incorporated into the former Somaliland Protectorate (Drysdale, 2000). In the instance of Puntland, its claim is based on the fact that populations populating the eastern part of Sanaag and significant swaths of Sool share kinship with Puntland communities (ICG, 2018). Somaliland and Puntland State's territorial claims on the Sool and Sanaag regions have resulted in conflict, mistrust, and heightened tensions between Somaliland and Somalia. Following the Tukaraq battle, there has been an increase in border militarization, which might have 'disastrous effects' and potentially bring instability to Somaliland and Somalia (ICG, 2018).



Despite enmity and border strife, informal cross-border trade between Somaliland and Somalia (Puntland) has continued unabated. Additionally, the two parties (Somaliland and Puntland State) have collaborated on a) border security, b) marine security, and c) radical Islamist prevention. Additionally, the extension of the corridor and the expansion of the port of Berbera could result in increased movement of capital, goods, and people. In the long run, development of the Port could help to mitigate any border tensions between Somaliland and Somalia, while also fostering an integrated economy that benefits both parties. Thus, the development of the Eastern corridor is critical for reconstructing tense relations and fostering a favorable environment for marine trade. This study suggests that the Berbera port—via the development of an Eastern corridor—would result in the establishment of an inclusive corridor. The following are the critical aspects that will define future Eastern corridor development:

- a) The development of the Berbera port, the construction of the corridor, the refurbishment of the Berbera airport, and the establishment of the Berbera free zone will have a considerable positive effect on the commerce and transit links between Somaliland and Somalia.
- b) The increased interest of the Puntland State of Somalia and South-Central Somalia's business communities in utilizing Berbera Port Terminals and the Gambadha Dry Port.

With these two criteria in place, Berbera port will contribute to the region's long-term peace and stability through the establishment of the 'Eastern corridor,' as the economies of Somaliland and Somalia become increasingly integrated. The Eastern corridor is seen to be driven by three factors: a) Puntland State's underdevelopment of the Bosaso port, b) Al-Shabab's territorial dominance in southern Somalia, and c) Puntland State's expanded commercial and transit links with Somaliland. These are probable economic drivers along the Eastern corridor that would promote trade between Somaliland and Somalia.

Methodology

This report utilized both quantitative and qualitative data. On the quantitative side, the report relied on data from the Somaliland ministries of finance, trade, and the Chamber of Commerce. On the qualitative side, the report used the Key Informant Interviews (KIIs) and Focus Group Discussions (FGDs). The purpose of KIIs and the FGDs was to collect primary source information from a wide range of people—including businesspeople, government officials, academics,—who have first hand knowledge about the importance of Berbera Port in Somaliland future trading relations with countries in the region, particularly Somalia. These selected private and public sector experts, with their extensive knowledge and understanding, provided much needed insight on the nature of problems in Puntland State of Somalia and Somaliland trading

relations and the way forward. In addition to that, for the report, APD researchers collected data in three key cities, such as, Berbera, Las Anod, and Hargeisa from Mid-October to Mid-November 2020 and again in June-July 2021. During the data collection, APD researchers conducted twenty semi-structured interviews with various stakeholders within the Somaliland Government, private sector, and academia and four FGDs. Additionally, the report relied on secondary sources, and built upon existing literature on Berbera port.

Market Chains

Somaliland imports a variety of goods, including food, vegetables, fruits, petroleum/gas, machinery, building materials, apparel, tobacco, pharmaceuticals, and motor cars. Somaliland's imports are primarily from India, the United Arab Emirates, China, Turkey, Malaysia, and Saudi Arabia in terms of container volume. According to official figures from Somaliland's Ministry of Finance, Somaliland imported 5731 containers from India in 2019, followed by the UAE with 4225 and China with 4095. Somalia is ranked number 38, after Malta and Jordan. Somaliland's trade with the Puntland State of Somalia, and indeed with the rest of Somalia, is minuscule (Somaliland Ministry of Finance Development, 2019).

Livestock trade accounts for a significant portion of trade between Somaliland and surrounding Somali regions (including Somali Regional State of Ethiopia). Somaliland has three major cattle markets, or *Saylado*: Burao, Hargeisa, and Wajaale. These marketplaces are ideally positioned near the Berbera port. The Wajaale market is mostly devoted to livestock exports, with Somaliland businessmen purchasing livestock prior to transporting them to Gulf markets. On the other hand, Burao is home to the Horn of Africa's largest livestock market, where hundreds of thousands of goats and sheep are bought and sold before being transferred to slaughterhouses for local consumption or exports. Additionally, the Hargeisa livestock market is vital. In any case, the majority of shoats traded in Somaliland territories originate in Ethiopia's Somali Region and South-Central Somalia (Musa, Wasonga & Mtimet, 2020).

According to research conducted by USAID, the Somali Region of Ethiopia has two major routes for cattle trade. The largest and most visible corridor is the Berbera corridor, which connects five intra-Somali livestock trade routes: a) Harar-Jigjiga-Hargeisa-Berbera, b) Hartisheikh-Hargeisa, c) Haud, d) Kebri-Dahar-Burao, and e) Gode-Burao. On the other side, villages in eastern Ethiopia and Somaliland export their livestock mostly through Bosaso port. Bosaso is served by two key corridors: the Wardher route and the Kebri Dahar-Bosaso route (USAID, 2010).

According to a group of traders with business ties to South Central Somalia, trade between the Somaliland and Somalia communities has always existed. The trading resumed following the war

in 1995 (the end of Somaliland civil war). Somaliland imports vegetables and fruits from Somalia, such as bananas, mangoes, and papayas account for a sizable share of the output. The commerce route begins in Janaale and continues through Mogadishu, Afgooye, Baladweyne, Jowhar, Guriceel, and Hawd (Ethiopia), before crossing the Somaliland border at Buuhoodle or Balidhiig. Occasionally, trade passes through Puntland State during periods of severe rain in South-Central Somalia. According to APD data, 15 trucks arrive in Somaliland each month, delivering approximately 12 tons of vegetables and fruits. During harvesting seasons, it reaches a peak of approximately 25 trucks.¹

Traders importing from Somalia encounter a number of problems, which begin at the point of production and continue until the products reach the Hargeisa markets. According to the traders questioned for this study, the most significant difficulty they face is increased disorganization within the Somaliland and Somalia customs agencies. The total cost of customs and transportation from the point of production (central regions of Somalia) to the border with Somaliland is \$2800 per truck. Customs costs on the Somaliland side are approximately \$1000 per truck. 80 percent of trucks are owned by Somalia traders, while the remaining 20% are owned by Somalilander traders, however the majority of truck drivers are from Somalia.² The trade in vegetables and fruits between Somaliland and Somalia is negligible. According to traders, each loaded truck contains approximately 15,000 USD worth of goods. Each month, 15 trucks arrive from South Central Somalia, valuing the vegetable/fruits trade between Somaliland and Somalia at between 2.7 million and 3 million USD annually. Nonetheless, traders from Somalia place orders for products from Somaliland upon their return to Somalia, as traders have remarked. The majority of these products are imported through Berbera port, which establishes a supply chain alongside the Eastern corridor.

Table 1: Customs and other fees paid by traders importing from Somalia are listed in Table 1. (in SL Shillings).

Customs Towns	Amount Paid by Import Traders
Balidhiig	100,000
Qoryaale	100,000
Beer	150,000

¹ This information is from a Focus Group Discussion conducted on the 21st of November, 2020 for this research.

² Ibid.



Burco	200,000
Sheekh	50,000
Haleeya	318,000
Unloading Cost	200,000
Total	1,118,000

Nota bene: 1 USD equals 8500 Somaliland Shillings.

Berbera Corridor: Contributing to Inclusive Development

The extension of the new port will significantly benefit Somaliland's economic development and commercial links with Ethiopia and Somalia. With DP World's completion of the final phase of expansion of the 400-quay container terminal, the new port will significantly alter the status quo by connecting Somaliland to Ethiopia and Somalia. DP World struck an agreement with Liebherr Container Cranes in March 2020 to supply eight container yard cranes (RTGs) and three sea to shore cranes (STSS) for Berbera's new port terminal operations. The additional cranes were used to construct a 400-meter quay and a 250,000-square-meter yard. This is a watershed moment for Berbera and the region (Port Technology International Team, 2020). The port expansion began in October 2018, according to DP World Group Chairman & CEO Sultan Ahmed bin Sulayem.

"This is a watershed moment in Somaliland and DP World's history. We are delighted that construction has begun, and we anticipate that over the next few years, we will see a transformation in the capacity of this significant infrastructure asset, benefiting people here and throughout the Horn of Africa by providing an alternative gateway to the international market... This is all part of our mission to facilitate commerce and promote prosperity by assisting African countries in developing their economies through access to global markets. Investment in this deep-water natural port and free zone will operate as a spur for the country's progress (...) I would like to express my gratitude to the Somaliland government and people for encouraging us to be a long-term partner in their nation's future (Offshore Energy, 2018)

'''s

Along with the Port's infrastructure development, the government of Somaliland and DP World are negotiating the establishment of a new DP World-managed free zone. The free zone is currently under construction, with an initial investment of \$30 million by DP World. Despite its secrecy, the earlier arrangement handed DP World 100 percent of the stakes, leaving Somaliland with no gain. However, following the new president's renegotiation with DP World, DP World now owns 80% of the stake, while Somaliland owns 20%, with an additional 20% allocated for Somaliland. Additionally, it is critical to highlight that the legal framework (which poses a



difficulty for the free zone's operationalization) has been passed by the parliament. After months of delay owing to a lack of agreement between the government and legislature regarding the management of the free zone, the new Special Economic Zones statute (Law No: 93/2021) establishes the framework for the operation and management of the free zone. International corporations are considering relocating to the Berbera free zone once it is built, given the new legal structure. At the time of writing this report, over 45 UAE-based enterprises had already applied for premises in the free zone. The Somaliland government anticipates that if the free zone is successful, it will employ more than 50,000 people.³

With the expansion of the Berbera Port, the corridor, and the free zone under construction; the majority of the conversation about the development of the Berbera corridor has shifted away from newspaper headlines and toward actual action on the ground. However, three major areas should be prioritized: a) transforming the corridor from one of transportation to one of development; b) developing an inclusive approach in which development is not limited to the core (communities living alongside the Berbera corridor), but also to the periphery (communities living alongside the Eastern corridor); and c) engaging the private sector. These three factors will influence the corridor's future development. That is, there is a perception that the spatial consolidation of the Berbera corridor by the Isaaq-Haber-Awal is an exclusion of other clans. Through the corridor's extension into Eastern regions, the inter-clan power and resource sharing can be handled by fostering inclusive economic growth along the corridor's route.

Additionally, the majority of investors and government policymakers are focused on a) the completion of hard infrastructure and b) the trade and transit agreements between Ethiopia and Somaliland. There is a limited policy discussion about how the corridor may benefit the majority of the people of Somaliland and adjacent countries, particularly Somalia, rather than a small number of elites (business and political). The absence of genuine debate at the policy and academic levels (which this study attempts to address) has delayed the pace of thought about the corridor's possibilities.

Berbera's Transit and Transshipment Service: Linking Berbera to Somalia's Eastern and Central Regions

Somaliland has largely ignored the economic potential of expanding the Berbera corridor over the last three decades. However, investors have conducted studies on the feasibility and significance of the Berbera Corridor. The majority of these technical studies are not generally distributed and are maintained in strict confidence. However, one narrative remains constant: the Berbera corridor is Ethiopia-centric. Both stakeholders—the government of Somaliland and the

³ Personal interview with a senior member of the Somaliland Ports Authority in Berbera, 20 October 2020.

investors in the Berbera corridor—believe that the corridor will benefit Ethiopia's rising economy and provide an alternate route to the sea for Ethiopia.

By contrast, this study advances a distinct narrative—the possibility of the Berbera corridor expanding into Somalia. Regardless of the political sensitivities surrounding Somaliland's relationship with Somalia, the corridor—a commercial and transit hub—could benefit a) the eastern regions of Somaliland (Togdheer and Sool), and b) Somalia (Puntland State and central regions). As a result, the expansion of the Berbera port will benefit not only Ethiopia, but also Somalia. The Port's expansion is critical to Somaliland's prosperity and commercial links with Somalia. As mentioned above, the new port can handle upto 500,000 TEU per annum from the current 150,000 TEU per annum. That is, given the enormous growth in container traffic over the last two years, and the inauguration of the new port, this will result in monumental changes to the region. Additionally, only 40% of the Port's products are headed for Somaliland; the remaining 60% are destined for Ethiopia and Somalia via 'transit'.⁴

Table 2: Containers unloaded from Berbera Port (2017-2021).⁵

Year	Number of Discharged Containers
2017	36,914
2018	37,945
2019	50,565
2020	47,309
2021	42,698
	215,431

According to one official of the Somaliland Ports Authority (SPA) consulted for this research, the Gambadha Dry Port on the eastern side of Las Anod is a top priority for the Somaliland Government.⁶

For decades, Puntland State's business community has relied on Oman's Salalah port terminals. They have faced enormous obstacles over the years. However, following DP World's relocation to Berbera, a growing number of Puntland business communities expressed interest in utilizing Berbera's port terminals. According to various government officials consulted for this research, the Somaliland government agreed in principle to ease access to the Port terminals for residents of Puntland State and other South Central Somalia commercial groups.⁷ According to a businessman in the transit industry, around 300 containers were moved to Puntland and

⁴ Ibid.

⁵ Majority of these containers are transit for Ethiopia, and Somalia.

⁶ Ibid.

⁷ Personal interview with a former Somaliland Minister and a businessman in Hargeisa, October 2020.



South-central Somalia between March and September 2020, even during the peak of the COVID-19 outbreak in Somaliland. Additionally, some multinational corporations with operations in Puntland State and other parts of Somalia are becoming increasingly interested in the Berbera port's services⁸.

The Somaliland development partners authorized four significant projects through the Somaliland Development Fund (SDF) in early July 2020. According to the UK Government's website, one of the projects is to repair the 82-kilometer Berbera-Sheikh-Burco route. This will not only connect Berbera port to Somaliland's second largest city, Burao, but will also considerably shorten travel time between the two towns and increase commerce (The British Embassy Mogadishu, 2020). Additionally, the Berbera-Burao road reconstruction is critical for transit and trade between Somaliland and Somalia.

The 'Berbera Transportation Trucks Union (BTU)' is one of the biggest obstacles to transit and trade between Somaliland and Somalia. Initially, an agreement (informal) was reached in which 50% of transportation vehicles would be held by Somaliland businesses and 50% by Somalia businesspeople. Two businessmen involved in transit and forwarding warned that BTU posed a long-term threat to the Port until the Somaliland government addresses the 'trucks monopoly.'⁹ Another significant obstacle is the lack of confidence between the Somaliland and Somalia governments. For instance, a senior BPA official stated that his team had plans of holding exhibitions to promote Berbera port services in all of Ethiopia's major cities, including Addis Ababa, Jigjiga, and Dira Dhawa. When questioned if they had comparable intentions in Puntland State and other regions of Somalia, he noted that while a growing number of business communities are interested, the Puntland government is not, citing as an example the Puntland regional parliament's threat to increase duties on Somaliland-imported products. He remained optimistic, though, about formal future business relations between Somaliland and Somalia, provided that trade relations with Puntland State were first repaired. That is, improved relations will result in a sea change in the region's socioeconomic landscape.¹⁰

Informal Trade and Transit with Somalia

With the completion of the Berbera corridor's physical infrastructure, some policymakers are now considering the corridor's soft infrastructure (policies, regulations, bilateral agreements). The majority of ongoing policy debates on the corridor do not address the soft infrastructure component of the corridor's development. However, the Somaliland Ports Authority's (SPA) aim for the future development of the corridor is that it will serve as a regional and global

⁸ Ibid.

⁹ Personal interview with a businessperson who owns a Transit, Clearance, and Forwarding company that does business with Somalia (Puntland State and South Central) in Berbera, October 2020.

¹⁰ Personal interview with a Senior member of the Somaliland Ports Authority in Berbera, October 2020.

commercial hub. To do this, the SPA has implemented a number of policies. The majority of these policies, rules, and procedures are unilateral, with no agreement with Somalia. To begin, the port's operating hours have been extended. Second, the SPA, in collaboration with the Ministry of Finance Development, constructed a 'one-stop shop' that centralized all customs functions. Thirdly, DP World prioritizes products in transit, hence streamlining the transit management process. If the containers are bound for Somalia, specifically Puntland State, they arrive in Gambadha and are processed by Puntland State customs officers. Fourth, the Somaliland government secures and tracks transit containers to Puntland State and South-Central Somalia, ensuring that these goods reach their final destination safely.¹¹

According to a businessman with ties to Puntland State and South-Central Somalia who was interviewed for this report, instead of traveling to Hargeisa and visiting seven separate government offices previously, they now deal with only two offices at the Port¹². Additionally, handling fees are set, and most crucially, processing time is lowered from 3-5 days to around one hour. The Port welcomed motherships carrying approximately 20,000 containers last year, rather than 5000 containers. At the moment, they have the capacity to empty a large vessel in four days, rather than seventeen, due to the additional state-of-the-art cranes provided by DP World.¹³

The business communities of Puntland State have expressed a greater interest in utilizing the Berbera port terminals. Due to the lack of key services at the Bosaso port, the Puntland State's commercial community rely on the Salalah port in Oman, which has a terminal. Then, using tiny boats and vessels, their items are brought to Bosaso. This is inefficient for business communities and traders since it is costly, hazardous, and inefficient. As a result, an increasing number of them have relocated to the Berbera port terminals and are utilizing Somaliland's transit infrastructure. A Berbera-based trader who specializes in transit, logistics, and forwarding said that his company has successfully transited approximately 60 containers for customers in Puntland State and South-Central Somalia since it was founded¹⁴. Additionally, he added that his company has an office in Garowe and receives notifications when containers arrive on the other side of the border. Even with little customs coordination at the border, it appears as though passage along the Eastern route is proceeding well for now.

¹¹ Ibid.

¹² Personal interview with a businessperson who has business ties to Somalia (Puntland and South Central) in Berbera, 19 October 2020.

¹³ Personal interview with a Senior Member of the Somaliland Ports Authority in Berbera, 20 October 2020.

¹⁴ Personal interview with a businessperson who has business ties to Somalia (Puntland State and South Central) in Berbera, 19 October 2020.

Unresolved Issues

The truck industry: The transportation sector continues to be one of the most significant obstacles to transit and trade between Somaliland and the Puntland State. For instance, the cost of transporting a container from Berbera to Garowe is \$1800, which is an 'astronomical' sum of money. One businessman interviewed for the report, who works in the transportation industry, expressed his anger with the local trucking union.

"The government needs to handle this [transportation cost] issue," he remarked. It makes no sense for a businessman from Puntland State of Somalia or the rest of Somalia to use Berbera port if everything (handling fees and customs charges) is less than \$1000, yet transportation expenses are higher in the Berbera-Garowe corridor than in the Bosaso-Garowe corridor."

That is, despite the fact that the Somaliland government and SPA have established the regulatory framework essential to facilitate commerce, the trucking union poses a danger to the trade and transit industry.¹⁵

Informal trade and transit arrangements: Because Somaliland and Somalia do not have political relations at the moment, trade and transit arrangements are handled by informal regulations. These informal regulations governing cross-border trade are derived from the Somali cross-border business culture's informal institutions (customs, norms, and values). Additionally, Somaliland established an institutional framework unilaterally to safeguard the security of commodities in transit and to facilitate trade at the port and customs. A portion of this self-imposed regulatory structure allows the movement of all goods from Berbera port to the Somalia border.

Gambadha Dry Port: Gambadha is a prospective commercial hub that might connect Somaliland to the rest of Somalia. However, the city has witnessed violent clashes that have jeopardized the region's security and stability. Due to the absence of agreement on the boundary between Somaliland and Somalia, the city could become a flashpoint, jeopardizing its potential as a commerce hub connecting Berbera port to Somalia.

However, Gambadha has geopolitical implications. First, it is populated by a pro-Somaliland clan (Dhulbahante-Jamac Siyad), which has been instrumental in the political evolution and presence of Somaliland in the region, hence lessening the level of conflict. Second, Gambadha is located 70 kilometers from Garowe, due to the Garowe's geographic proximity to the border, it serves as a vital commerce and transportation hub for informal cross-border trade between Somaliland and Somalia. Third, the city links Dhulbahante to Majeerteen of Puntland, hence influencing the geo-cultural and geopolitical interactions between the two. Gambadha is thus a geostrategic

¹⁵ Ibid.



position that a) affects interactions between Dhulbahante and Puntland and b) connects Berbera port to Somalia's interior. In light of the city's geostrategic importance, the Somaliland government has considered changing it through the construction of a dry port that would create jobs for local residents and promote informal cross-border trade with Somalia. However, at the time of drafting this report, these plans had not been translated into policies and or concrete implementations.

Militarized Commercial Trade Routes

Sool region, one of Somaliland's six regions, has been contested for two decades by Somaliland and Puntland State, contributing to the territory's instability. With both sides staking claims to territorial dominance, Somaliland has been significantly more successful in administering the Sool region since 2007. Puntland's claims, on the other hand, have never ceased to materialize, resulting in a brutal conventional war between Somaliland and Puntland State. With little prospect of agreement on the disputed region, the border has become a highly militarized zone, impeding future trade between Somaliland and Somalia.

Conclusion and Policy Recommendations

The purpose of this study was to determine the feasibility of expanding the Berbera corridor to a) Eastern Somaliland in order to foster inclusive economic development and b) Somalia in order to promote trade and transit between the two countries. By establishing intra-Somali commercial links through the use of the Berbera port, Somaliland and Somalia can a) foster economic interdependence, b) integrate borderland economies, and c) mitigate potential conflicts. To facilitate this, the study proposes the following recommendations:

Trade and transit arrangements should be formalized: At the moment, trade and transit arrangements are governed by informal regulations. These informal regulations must be formalized in order to ensure the long-term viability of cross-border trade and transit between Somaliland and Somalia. The Eastern corridor cannot be realized without a negotiated settlement between Somaliland and Somalia. The critical areas to work on are a) trade facilitation, which includes modernizing customs and standardizing tariffs, and b) competitiveness in the trucking industry.

Gambadha Dry Port: Established by the Somaliland government, this dry port must be thoroughly examined before hard infrastructures are constructed in the town. A feasibility study should be conducted to gain a thorough understanding of the following: a) the economic viability of establishing a special economic zone in Gambadha, b) the free zone's inclusive economic growth, c) conflict prevention and mitigation, and d) the borderland economies of Somaliland and Somalia.

Establishment of a cross-border management authority: In the long-term, despite its complications (due to the lack of a political settlement between Somaliland and Somalia), the establishment of a coordinating agency for the management of the Eastern corridor is critical for the formalization of cross-border trade between the two countries.

Further research is needed: Eventhough, the Somaliland government prepared the hard infrastructure, there is still a great deal of work that needs to be done in the soft infrastructure (policies and legislations). Hence, the government must commission research on how to make the Berbera port more inclusive within the Somaliland context, and serve the wider region.



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