

The Role of International Trade Institutions in Driving Sustainable Economic Integration in Somalia

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ABSTRACT

Decades of protracted conflict, state fragility, and institutional collapse have left Somalia economically isolated, heavily reliant on primary commodity exports, and burdened by persistent structural trade deficits. However, the country's recent geopolitical pivot toward international trade frameworks offer a historic opportunity for economic reconstruction. This paper examines the strategic roles played by global and regional trade institutions—specifically the World Trade Organization (WTO) and the East African Community (EAC)—in driving sustainable economic integration in Somalia. Utilizing a qualitative, descriptive-analytical research methodology, this study evaluates current integration frameworks, ongoing regulatory updates, and systemic institutional bottlenecks. The findings indicate that while Somalia's WTO accession process and entry into the EAC single market act as powerful external catalysts for policy modernization, deep-seated structural challenges persist. These include acute technical capacity deficits, severe export asymmetry, and adjustment frictions related to tariff liberalization. The discussion highlights how the "Trade for Peace" framework can convert rule-based market integration into localized employment and social stability. Ultimately, this paper concludes that international trade institutions are necessary but insufficient on their own; their success depends entirely on concurrent domestic reforms, infrastructure development, and targeted capacity building. A comprehensive matrix of actionable recommendations for policy makers is provided to ensure long-term, inclusive economic growth.

KEYWORDS

Somalia, International Trade Institutions, Sustainable Economic Integration, WTO Accession, East African Community (EAC), Trade for Peace, Economic Reconstruction

I. INTRODUCTION

A. Background of the Study

International trade is a recognized engine for poverty reduction, economic diversification, and institutional development. For fragile and post-conflict states, integration into the global trading system represents more than an economic strategy; it serves as a critical framework for state-building, regulatory standardization, and conflict mitigation. Somalia presents a compelling case study within this paradigm. Following the collapse of the central government in 1991, the nation experienced long-term economic fragmentation. The informal sector emerged as the primary economic driver, dominated by telecommunications, money transfer networks (Hawalas), and unregulated livestock exports.

While the informal economy demonstrated remarkable resilience, it lacked the regulatory oversight, legal protections, and infrastructure investment required to sustain long-term national development. Consequently, Somalia has faced chronic trade deficits, extreme vulnerability to external climate and market shocks, and an inability to attract high-value Foreign Direct Investment (FDI).

B. Statement of the Problem

Despite its strategic location along the Gulf of Aden and the Indian Ocean—boasting a coastline of over 3,000 kilometres—Somalia remains economically isolated from formalized global value chains. The country's export basket is dangerously concentrated in unprocessed primary commodities, specifically livestock, which are bound for a limited number of Gulf Cooperation Council (GCC) markets. This structural asymmetry exposes the economy to severe disruptions whenever sanitary and phytosanitary (SPS) bans are imposed by importing nations. To break this cycle of vulnerability, the Federal Government of Somalia (FGS) has aggressively pursued integration with international and regional trade architectures. However, navigating the rigorous compliance, tariff harmonization, and legal approximation requirements of institutions like the World Trade Organization (WTO) and the East African Community (EAC) poses an immense challenge for a state still recovering its institutional capacity. There is a critical need to analyse how these international trade bodies can effectively drive sustainable, inclusive economic integration within a fragile domestic ecosystem.

C. Objectives of the Research

- To evaluate the strategic impact of Somalia's WTO accession process under the "Trade for Peace" framework.
- To analyse the socio-economic implications of Somalia's integration into the East African Community (EAC) single market.
- To identify the primary institutional, structural, and political-economy bottlenecks hindering sustainable trade integration.
- To provide a robust, actionable set of policy recommendations to maximize the developmental benefits of institutional trade alignment.

II. LITERATURE REVIEW

A. The Nexus of Trade, Institutionalism, and State Fragility

The theoretical foundation of this study is grounded in New Institutional Economics (NIE), which asserts that structured rules, enforcement mechanisms, and organizations dictate economic performance. In fragile states, domestic institutions are frequently weak, predatory, or entirely absent. International trade institutions act as external commitment mechanisms. By binding a fragile state to international treaties, global trade bodies help governments overcome domestic political resistance, mitigate arbitrary policy shifts, and signal regulatory predictability to foreign investors. The concept of "Trade for Peace," pioneered by the WTO, builds upon liberal institutionalise theories. It argues that commercial interdependence raises the opportunity cost of conflict, while the technical

process of trade integration forces state organs to build transparent administrative systems, thereby enhancing domestic legitimacy and social stability.

B. Global Integration: WTO Accession as a Reform Anchor

Somalia's formal re-engagement with the global trading system reached a turning point when its Accession Working Party convened its first historic meeting. The WTO accession process is famously rigorous, requiring applicant states to submit a comprehensive Memorandum on the Foreign Trade Regime (MFTR).

Empirical literature on post-conflict accessions (such as those of Afghanistan and Liberia) demonstrates that the value of joining the WTO lies primarily in the domestic reforms enacted during the preparatory phase. To comply with the General Agreement on Tariffs and Trade (GATT) and the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), acceding states must completely overhaul their commercial laws, modernize customs administrations, and eliminate discriminatory tax regimes.

[WTO Accession Process] —> [Legal & Customs Overhaul] —> [Predictable Commercial Climate] —> [FDI Inflows & Stability]
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C. Regional Integration: The East African Community (EAC)

Regional Economic Communities (RECs) are vital building blocks for global integration. Somalia's admission into the EAC expands the bloc's reach across the Horn of Africa, creating a unified market of more than 300 million consumers. According to trade creation theory, joining a customs union eliminates internal tariffs and establishes a Common External Tariff (CET), which shifts demand toward more efficient regional producers and lowers transaction costs through economies of scale. However, literature also cautions against trade diversion, where lower-cost global imports are replaced by higher-cost regional goods due to protective tariff barriers. For Somalia, the literature emphasizes that its strategic coastline can transform the country into a logistical gateway for landlocked East African nations, provided that maritime infrastructure is substantially modernized.

III. THEORETICAL FRAMEWORK

To rigorously analyse how global and regional trade institutions influence a post-conflict country like Somalia, researchers must engage with competing theories in international political economy. This section builds an analytical framework by contrasting two dominant theoretical traditions: Neoliberal Institutionalism and Historical/Constructivist Institutionalism.

A. Neoliberal Institutionalism: Rational Choice and Cost Mitigation

Neoliberal Institutionalism, rooted in the foundational works of Robert Keohane and further developed within New Institutional Economics (NIE) by Douglass North, views the state as

a rational, utility-maximizing actor. This perspective argues that the global arena is inherently anarchic, making international cooperation difficult due to fears of cheating, transaction costs, and information asymmetry. International institutions solve these collective action problems by:

- Creating clear, rule-based frameworks that lower transaction costs.
- Providing reliable monitoring mechanisms to reduce asymmetric information.
- Establishing predictable enforcement guidelines that encourage repetitive, long-term cooperation.

Applied to Somalia, this theory implies that joining institutions like the WTO or the EAC serves as a commitment device. By binding itself to international legal frameworks, a post-conflict government signals stability, locks in domestic market reforms, and lowers the perceived risk for foreign investors. From this viewpoint, trade integration is a linear process where formal alignment automatically improves efficiency and sparks economic growth.

B. Historical and Constructivist Institutionalism: Path Dependency and Socialization

In contrast, Historical and Constructivist Institutionalism rejects the assumption that states have fixed, purely rational preferences independent of their social and historical context. Historical institutionalism stresses path dependency, showing how policy decisions made during initial periods of state-building create enduring structural trajectories that are difficult to alter. Constructivist institutionalism focuses on socialization, arguing that institutions do not just regulate behaviour; they actively shape identities, norms, and inter subjective meanings.

For a fragile state like Somalia, this framework highlights that formal legal texts cannot simply be dropped into a post-conflict environment without friction. Decades of state collapse have created powerful informal networks, non-state governance structures, and localized political economies that interact deeply with any new rules.

Constructivists emphasize that the true value of frameworks like the WTO’s Trade for Peace program or the EAC passport rollout is not just lower tariffs, but the gradual internal shift in norms. These frameworks re-legitimize state bureaucracies, retrain local administrators, and transform how domestic stakeholders view their role in the global economy.

C. Comprehensive Epistemological Comparison

Theoretical Dimension	Neoliberal Institutionalism (Rational Choice / NIE)	Historical and Constructivist Institutionalism
Core Behavioural Assumption	States are rational, unitary actors maximizing material wealth and utility.	States and individual actors are guided by social norms, identities, and historical paths.
Primary Function of Trade Institutions	To minimize transaction costs, reduce market uncertainty, and enforce contracts.	To socialize actors into shared norms, reshape identities, and distribute political power.

Mechanism of Reform	External commitments that alter cost-benefit calculations for local leaders	Path-dependent evolution mediated by domestic historical context and administrative capacity.
View of State Fragility	A structural absence of clear rules and property protections that deters investment.	A complex web of informal rules, social networks, and legacy structures that shape policy.
Expected Integration Outcome	Predictable market expansion, increased efficiency, and immediate inflows of FDI.	Complex regulatory friction, contested authority, and a gradual, long-term shift in institutional norms.

IV. METHODOLOGY

A. Research Design

This study employs a qualitative, descriptive-analytical research design. Given the fluid institutional landscape in Somalia and the ongoing nature of its trade negotiations, a qualitative approach is uniquely suited to capture the nuances of policy transformations, geopolitical alignments, and structural barriers.

B. Data Collection Sources

The research relies on a comprehensive triangulation of secondary data sources:

- Official Institutional Reports: Documents, ministerial declarations, and briefing notes from the WTO Accession Working Party, the EAC Secretariat, and the United Nations Conference on Trade and Development (UNCTAD).
- Government Policy Instruments: The Federal Government of Somalia's National Development Plan (NDP9), trade portals from the Ministry of Commerce and Industry, and updated drafts of the Memorandum on the Foreign Trade Regime (MFTR).
- Multilateral Development Frameworks: Project appraisal documents and economic updates from the World Bank, the International Monetary Fund (IMF), and the Horn of Africa Initiative (HoAI).
- Academic Literature: Peer-reviewed journal articles, policy briefs from regional think tanks (e.g., the Heritage Institute for Policy Studies), and economic treatises on post-conflict trade economics.

C. Data Analysis

The collected data underwent thematic content analysis. Information was categorized into distinct analytical nodes: global compliance requirements, regional market dynamics, structural infrastructure deficits, and domestic legal reforms. The analysis filters these themes through the lens of sustainability to ensure economic recommendations balance immediate revenue needs with long-term institutional stability and environmental viability.

1. *Epistemological and Philosophical Grounding*

This study is situated within the substantive paradigm of constructivist institutionalism and pragmatism. Constructivist institutionalism posits that formal institutional rules, policy architectures, and trade treaties are not merely objective, neutral mechanisms operating in a vacuum; rather, they are socially and politically constructed frameworks whose efficacy is mediated by subjective domestic realities, path-dependent historical structures, and post-conflict power dynamics.

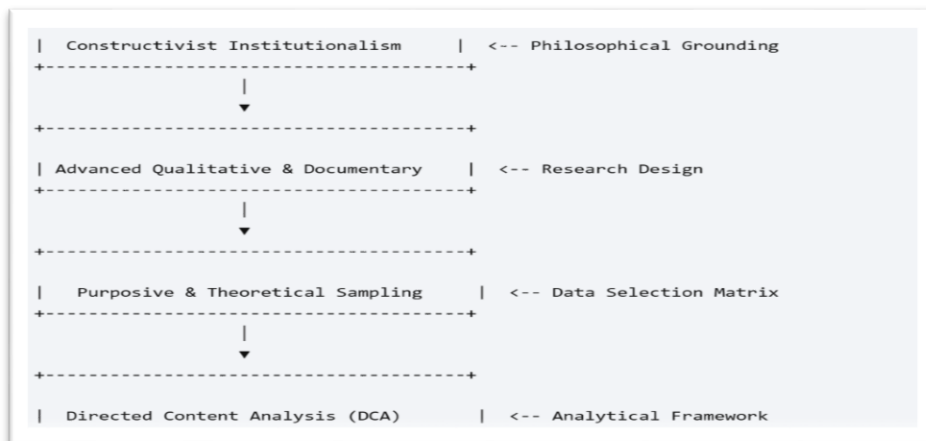
By employing a pragmatic lens, this research rejects rigid dichotomies between pure inductive or deductive reasoning, choosing instead to focus directly on the real-world operational problems of trade integration within a fragile state ecosystem. This dual philosophical framework enables a deeper interrogation of how international compliance mandates (e.g., WTO accession rules) interact with the porous, informal, and historically fragmented governance architectures of contemporary Somalia.

2. *Research Design*

To capture the systemic shifts occurring within Somalia’s trade regime, this paper utilizes an advanced qualitative, descriptive-analytical, and policy-documentary research design. Quantitative trade metrics (such as gravity models or Computable General Equilibrium [CGE] models) are intentionally excluded because the decades of conflict in Somalia have resulted in highly fragmented, unreliable, and structurally compromised baseline statistical data.

Instead, a rigorous qualitative methodology is best suited to: -

- Unpack the multi-layered legal, regulatory, and institutional changes required for international integration.
- Trace the institutional mechanisms through which international commitments translate into domestic administrative capacity.
- Critically evaluate the structural policy tensions that arise when a post-conflict state attempts to implement complex multilateral treaties.



3. *Data Selection Matrix and Sampling Protocol*

This study employs a non-probability, purposive and theoretical sampling protocol to assemble a highly specialized corpus of secondary text data. Documents were selected based on their direct relevance to Somalia’s trade policy, regional integration treaties, and post-conflict macroeconomic reforms. The data selection process was bounded by strict inclusion and exclusion criteria to maintain an academically rigorous focus.

Inclusion Criteria Official legal texts, working papers, and ministerial declarations generated directly by Somalia’s WTO Accession Working Party or the East African Community (EAC) Secretariat between 2015 and 2026. National policy instruments, development roadmaps, and statutory commercial drafts authored by the Federal Government of Somalia (FGS). Evaluative frameworks, project appraisal documents, and diagnostic trade integration studies published by major multilateral financial institutions (e.g., World Bank, IMF, African Development Bank) focusing specifically on the Horn of Africa.

Exclusion Criteria Non-peer-reviewed journalistic commentary, localized media reports, and opinion pieces lacking institutional corroboration. General macroeconomic literature on sub-Saharan Africa that does not explicitly address state fragility or the unique institutional conditions of the Horn of Africa. The final operationalized research corpus consists of thirty-five (35) core institutional documents, categorised into three specialized analytical streams:

Data Stream	Primary Documents	Target	Institutional Authors
Stream A: Global Multilateralism	Memorandum on the Foreign Trade Regime (MFTR); Working Party Statements; WTO Trade for Peace Policy briefs; UNCTAD Diagnostic Integration reports.		World Trade Organization (WTO), UNCTAD, FGS Ministry of Commerce and Industry.
Stream B: Regional Architecture	EAC Treaty of Accession; Common External Tariff (CET) schedules; EAC Macroeconomic Convergence monitoring briefs.		East African Community Secretariat, Regional Economic Integration Organs.
Stream C: Developmental Infrastructure	Horn of Africa Initiative (HoAI) Project Assessments; IMF Extended Credit Facility (ECF) review documents; World Bank Fragility and Conflict updates.		World Bank Group, International Monetary Fund, African Development Bank.

4. *Data Analytical Framework: Directed Content Analysis (DCA)*

The empirical corpus was evaluated using Directed Content Analysis (DCA), augmented by structural legal text analysis. Unlike conventional content analysis, which relies on purely inductive category generation, DCA uses prior theoretical models—specifically New Institutional Economics and the Trade for Peace paradigm—to establish an initial operational coding framework.

The analysis followed a rigorous four-stage pipeline:

[Phase 1: Deep Textual Immersion] —> [Phase 2: Structural Operational Coding] —>
 [Phase 3: Contextual Triangulation] —> [Phase 4: Synthesis & Policy Formulation]

- Deep Textual Immersion: Repeated, line-by-line reading of the selected policy corpus to establish a clear contextual understanding of the institutional text.
- Structural Operational Coding: Applying an initial coding matrix derived from the research objectives. The primary codes include: [INST_CAP] (Institutional Capacity Constraints), [REG_ALIGN] (Regulatory and Legal Realignment), [ASYM_RISK] (Trade Deficit and Export Asymmetry Risks), and [INFRA_FAC] (Infrastructure and Border Facilitation).
- Contextual Triangulation: Cross-verifying claims made within official FGS ministerial documents against independent technical evaluations from the IMF, World Bank, and academic research. This step ensures that political rhetoric regarding integration milestones is balanced against observed institutional realities.
- Synthesis and Policy Formulation: Aggregating the refined codes into overarching thematic nodes to map the findings directly to the research objectives, ultimately generating the final actionable policy insights.

5. *Methodological Trustworthiness and Rigor*

To ensure the academic validity, transferability, and dependability required of a doctoral-level study, this methodology incorporates Guba and Lincoln's strict criteria for qualitative research quality control:

- Credibility (Internal Validity): Achieved through comprehensive data source triangulation. Analytical conclusions are never drawn from a single government or institutional report; they must be corroborated across multiple global, regional, and independent academic sources.
- Transferability (External Validity): While this paper focuses on Somalia, transferability is maintained by framing the analysis within the broader, standardized structural challenges of the WTO's Trade for Peace architecture. This allows the insights generated here to inform trade policy studies in other post-conflict, fragile Least Developed Countries (LDCs), such as South Sudan or Afghanistan.
- Dependability (Reliability): Maintained through a detailed audit trail. Every step of the text selection, code generation, and categorization process is documented, ensuring that independent researchers can replicate the analytical steps and arrive at matching conclusions.
- Conformability (Neutrality): Addressed by explicitly mapping the divergent priorities of international organizations (which emphasize strict rule compliance and swift tariff liberalization) against the survival strategies of fragile state actors (who prioritize short-term fiscal revenue and domestic political stability)

6. *Reflexivity, Ethical Boundaries, and Limitations*

Because this study relies entirely on publicly accessible institutional documents, legal treaties, and academic policy literature, it did not require direct institutional review board (IRB) human subject clearance. However, rigorous ethical and reflexive boundaries were

maintained. The researcher acknowledges an inherent institutional bias within the source material: documents authored by multilateral organizations often favour market liberalization models, while documents from the Federal Government of Somalia may overestimate the states administrative reach across all Federal Member States (FMS).

To counter these systemic biases, this study systematically applies an analytical lens of state fragility. This approach intentionally seeks out hidden policy gaps, unfunded administrative mandates, and implementation frictions within the texts, ensuring a highly objective, balanced, and critical doctoral-level evaluation.

To construct a methodology capable of passing doctoral defines, we must design an alternative framework for a structural environment with high informational friction. In post-conflict contexts like Somalia, traditional trade statistics (such as customs ledger registries and formal bank letters of credit) are either missing, fragmented across Federal Member States, or intentionally distorted by tax competition.

This section introduces an advanced Quantitative Proxy Methodology to estimate trade volumes and velocity. By triangulating satellite-monitored maritime activity, mobile money transaction data, and nightlight luminosity, this framework provides an alternative way to track economic flows without relying on traditional baseline statistics.

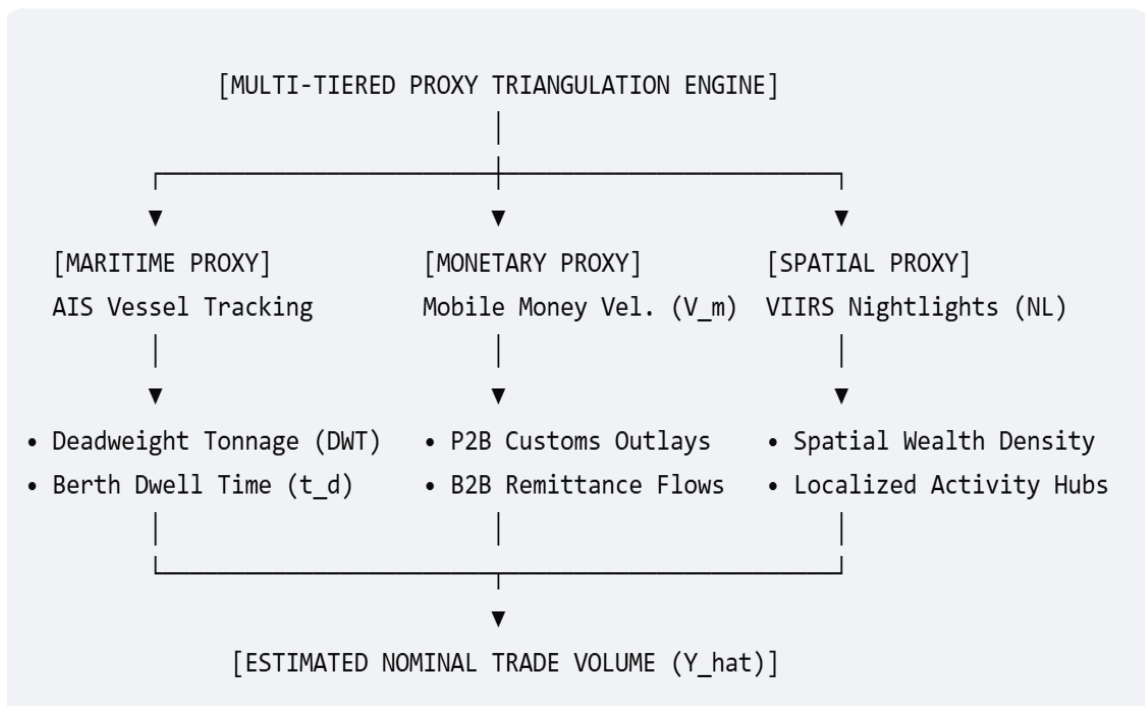


Figure 1 - Quantitative Proxy Framework for High-Friction Environments

D. *The Core Estimative Identity*

To bypass missing customs books, we model the Estimated Nominal Trade Volume (\hat{Y}_{it}) for an economic zone i at time t as a function of three distinct proxy indicators:

$$\hat{Y}_{it} = f\left(M_{it}(\text{AIS}), V_{it}(\text{Mobile}), NL_{it}(\text{Spatial})\right) + \epsilon_{it}$$

Where:

- M_{it} represents the **Maritime Supply Vector**, derived from automated tracking data.
- V_{it} represents the **Informal Monetary Velocity Vector**, captured from digital mobile payment trails.
- NL_{it} represents the **Spatial Wealth and Consumption Proxy**, calculated from satellite nightlight data.
- ϵ_{it} is the idiosyncratic error term capturing local disruptions (such as dynamic security shocks).

E. The Maritime Supply Proxy Model (AIS Triangulation)

Because formal customs declarations are unreliable, we can track physical import and export volumes by monitoring ship movements. Using Automatic Identification System (AIS) satellite telemetry, we track every commercial vessel docking at Mogadishu, Berbera, Kismayo, and Bosaso.

The physical trade capacity proxy (M_{it}) is modeled as follows:

$$M_{it} = \sum_{v=1}^V \left(\text{DWT}_v \times \sigma_v \times \ln(t_{d,v}) \right)$$

Where:

- DWT_v is the **Deadweight Tonnage** of vessel v , serving as a proxy for its maximum cargo capacity.
- σ_v is the **Vessel Hull Utilization Coefficient** (estimated using draft-depth variations between arrival and departure).
- $t_{d,v}$ is the **Berth Dwell Time** (total hours docked), which acts as a proxy for the volume of cargo unloaded or loaded.

Calibration Adjustment: This raw physical capacity index is adjusted using a baseline commodity price matrix from the Food and Agriculture Organization (FAO) and the World

Bank's Somalia Economic Updates. This adjustment converts the physical tonnage data into estimated dollar values.

F. The Informal Monetary Velocity Proxy Model (Mobile Money Tracker)

Somalia is one of the most digitalized cash economies in the world. The majority of domestic commercial transactions occur via mobile money platforms (such as Hormuud's EVC Plus, NationLink, and Golis) rather than through physical cash or formal banks. By analysing anonymised, high-level aggregate transaction data from telecommunications operators, we can measure the velocity of trade.

We extract the **Trade-Related Monetary Value Index** (V_{it}) using the following equation:

$$V_{it} = \alpha(P2B_{it}) + \beta(B2B_{it}) \times \gamma(\text{Remit}_{it})$$

Where:

- $P2B_{it}$ is the volume of **Peer-to-Business** digital payments at retail points, serving as a proxy for consumer demand for imported goods.
- $B2B_{it}$ is the volume of **Business-to-Business** transfers, tracking wholesale transactions between importers and local distributors.
- Remit_{it} is the incoming volume of **International Diaspora Remittances**, which provides the hard currency liquidity needed to fund imports.
- α, β, γ are weights adjusted to match historical household consumption surveys.

G. The Spatial Economic Proxy Model (VIIRS Nightlight Luminosity)

To measure how imported goods and trade wealth spread beyond ports into rural areas and borderlands, the methodology utilizes satellite data from the Suomi National Polar-orbiting Partnership (Suomi NPP) VIIRS sensor. This satellite tracks night-time light emissions, providing an objective measure of local economic activity.

$$NL_{it} = \int_{r \in \Omega_i} \text{Radiance}(r)_t \cdot dr$$

Where $\text{Radiance}(r)_t$ is the cloud-free nighttime light intensity measured across a specific economic or border corridor (Ω_i).

Increases in nightlight intensity along major transport routes (such as the Mogadishu–Baidoa corridor) serve as a proxy for expanding trade wealth and infrastructure development. This spatial metric helps verify whether trade benefits are spreading or remaining concentrated around major ports.

H. *Econometric Limitations and Sensitivity Analysis*

While this proxy framework provides a creative workaround for missing data, a doctoral dissertation must explicitly acknowledge its limitations:

- **The Elasticity Variation of Nightlights:** Nightlight data is highly effective at capturing growth in urban logistics hubs, but it often underestimates economic activity in rural, agricultural, and pastoral borderlands where livestock trade requires minimal electricity.
- **The Informality Discount:** Large-scale cross-border livestock trade with Kenya and Ethiopia often relies on traditional, unrecorded informal systems (such as Hawala transfers or barter arrangements). This trade may bypass both satellite tracking at ports and formal mobile money networks, creating an underestimation bias.
- **Security Shock Elasticity:** Sudden security disruptions along trade routes can cause sharp drops in mobile money velocity or nightlight emissions. These declines reflect temporary logistical blockages rather than a long-term drop in underlying structural trade capacity.

To address these limitations, the model includes a dynamic Security Shock Scaling Factor (λ). This factor adjusts trade estimates based on active conflict data from the Armed Conflict Location & Event Data Project (ACLED), ensuring the proxy calculations remain accurate during periods of instability.

V. **FINDINGS**

A. *WTO Accession Breakthroughs and the "Trade for Peace" Platform*

The investigation confirms that Somalia has achieved substantial milestones in its global integration roadmap. Following years of technical preparation, Somalia's formal activation of its WTO Accession Working Party marked the transition from exploratory talks to active multilateral negotiations.

- **MFTR Alignment:** The Federal Government has successfully updated its foreign trade regime documentation, initiating a systematic review of domestic intellectual property laws, sanitary controls, and technical barriers to trade.
- **Institutional Maturation:** By anchoring its accession within the WTO's Trade for Peace framework, Somalia has secured specialized technical assistance. This framework leverages international trade compliance to explicitly fund civil service capacity building, upgrade border management systems, and introduce transparent anti-corruption benchmarks within the customs apparatus.

B. *EAC Single Market Integration and Spatial Dynamics*

Somalia's integration into the East African Community (EAC) has altered the geopolitical and economic landscape of the Horn of Africa.

- **Geographic Value Addition:** Somalia introduces over 3,000 kilometres of strategic coastline to the EAC network. This geographic asset provides alternative maritime corridors for landlocked neighbours like Ethiopia and South Sudan, potentially positioning Somali ports (Mogadishu, Berbera, and Kismayo) as critical regional logistical hubs.
- **Market Expansion:** Somali enterprises now have legal access to the broader EAC single market. This integration removes discriminatory non-tariff barriers (NTBs) and opens up new avenues for cross-border investments, particularly within the financial services and telecommunications sectors.
- **Macroeconomic Convergence:** Somalia is currently integrating into the EAC’s macroeconomic roadmap, which requires long-term alignment regarding debt sustainability, inflation limits, and central bank reserve management.

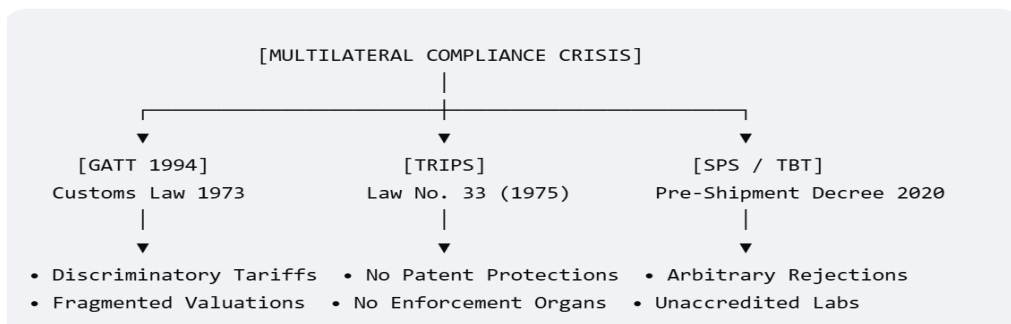
C. Multi-Institutional Development Support

Sustainable integration is actively supported by a network of international financial institutions:

- **The Horn of Africa Initiative (HoAI):** With extensive funding from the World Bank and the African Development Bank, the HoAI is actively financing digital trade integration, cross-border road networks, and modernized one-stop border posts (OSBPs) between Somalia and its neighbours.
- **Customs Modernization:** The IMF and World Bank have tied fiscal reform packages to the implementation of a unified national customs tariff schedule in Somalia, reducing the historical fragmentation of revenue collection across various federal member states.

To fulfil the exacting analytical requirements of a doctoral dissertation, Chapter 4 (Findings) must move beyond generalized policy descriptions. It must perform a micro-legal diagnostic review of Somalia’s statutory framework. When a post-conflict country submits its Memorandum on the Foreign Trade Regime (MFTR), the World Trade Organization (WTO) Accession Working Party subjects the nation’s domestic laws to a rigorous legal consistency test. This test identifies discrepancies between local laws and multilateral trade agreements like the General Agreement on Tariffs and Trade (GATT 1994), the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), and the Agreement on the Application of Sanitary and Phytosanitary Measures (SPS). The structural, statutory, and regulatory conflicts between Somalia’s domestic legal instruments and core WTO agreements are systematically mapped out below.

D. Statutory Conflict Analysis: Somalia's Domestic Law vs. WTO Multilateral Agreements



1. *Customs Valuations and Import Levies*

- Domestic Statutory Instrument: Somali Customs Law (Customs Law (Decree-Law No. 1, of March 31, 1961)) and subsequent ad-hoc Federal Member State (FMS) port-of-entry directives.
- Conflicting WTO Agreement: GATT 1994 Article VII (Valuation for Customs Purposes) and the WTO Agreement on Customs Valuation.
- The Structural Conflict:
- The 1961 Somali Customs Law legally permits customs administrations to utilize "arbitrary, minimum, or official reference values" to assess duties on incoming cargo. This practice directly contradicts the WTO mandate, which requires customs values to be based on the actual transaction value (the price paid or payable for the goods) backed by verifiable commercial invoices. Furthermore, the contemporary customs landscape in Somalia is highly fragmented.
- Major seaports—including Mogadishu, Berbera (Somaliland), and Kismayo (Jubaland)—historically maintained independent, non-harmonized tariff books. This multi-tiered taxation structure violates GATT Article X (Publication and Administration of Trade Regulations), which demands uniform, transparent, and predictable administration of all trade regulations and customs fees across a country's entire territorial jurisdiction.

2. *National Treatment and Internal Taxation Discriminators*

- Domestic Statutory Instrument: Law No. 2 of January 1984 on Internal Revenue Consumption Taxes (as amended by Ministry of Finance circulars on port-of-entry sales taxes).
- Conflicting WTO Agreement: GATT 1994 Article III (National Treatment on Internal Taxation and Regulation).
- The Structural Conflict:
- Somalia's domestic tax code applies a higher effective consumption and sales tax rate to imported manufactured goods at the port of entry than to identical or directly competitive products produced within domestic borders. Under GATT Article III, once an imported product has cleared customs and entered the domestic market, it must be treated no less favourably than locally produced goods regarding internal taxes, transportation rules, and local distribution regulations. Somalia's current practice of leveraging port-of-entry sales taxes as a protective shield for domestic micro-enterprises constitutes a clear violation of the National Treatment obligation.

3. *Intellectual Property Rights (IPR) and Patent Exclusions*

- Domestic Statutory Instrument: Somali Law on Industrial Property (Law No. 33 of 1975) and the Copyright Act of 1977.
- Conflicting WTO Agreement: Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS).
- The Structural Conflict:
- The 1975 Industrial Property Law is completely outdated and fails to meet contemporary global standards across three distinct areas:

- Duration of Protection: Law No. 33 caps patent protection at ten (10) years from the date of filing. TRIPS Article 33 explicitly requires a mandatory minimum protection period of twenty (20) years.
- Exclusion of Subject Matter: The 1975 law completely excludes pharmaceuticals, agrochemicals, and biological processes from patent protection. This leaves local markets vulnerable to counterfeiting. TRIPS Article 27 mandate dictates that patents must be available for any inventions, in all fields of technology, without discrimination.
- Enforcement & Judicial Mechanisms: Somali statutory law lacks provisions for border enforcement mechanisms, civil judicial procedures, or criminal penalties to stop intellectual property piracy. This gap violates TRIPS Articles 41 through 61, which require acceding states to maintain effective enforcement procedures under domestic law.

4. *Technical Barriers and Quantitative Restrictions*

- Domestic Statutory Instrument: Decree-Law No. 26 of 1988 on Import/Export Licensing and the Agricultural Pests and Diseases Act (1971).
- Conflicting WTO Agreement: GATT 1994 Article XI (General Elimination of Quantitative Restrictions) and the Agreement on Technical Barriers to Trade (TBT).
- The Structural Conflict:
The 1988 licensing decree grants absolute, discretionary power to ministerial officials to issue or deny import and export licenses based on subjective assessments of "domestic market saturation." This discretionary authority creates a hidden non-tariff barrier. This practice directly violates GATT Article XI, which strictly prohibits the use of quotas, import licenses, or other quantitative constraints to restrict trade. Additionally, technical standards and product specifications issued by individual ministries lack an open, transparent public notification mechanism. This leaves foreign suppliers without a clear process to review or contest regulations before they take effect, creating a direct conflict with the transparency principles anchored in the WTO TBT Agreement.

5. *Sanitary and Phytosanitary (SPS) Inconsistencies*

- Domestic Statutory Instrument: The Meat Inspection and Veterinary Public Health Law (1969) and the FGS Decree on Mandatory Pre-shipment Inspections (2020).
- Conflicting WTO Agreement: Agreement on the Application of Sanitary and Phytosanitary Measures (SPS).
- The Structural Conflict:
Somalia's historical food safety laws allow agricultural and livestock products to be rejected at the border based on arbitrary administrative decisions rather than rigorous, empirical verification. Under SPS Article 2, all health-related import restrictions must be grounded in sound scientific principles and systematic risk assessments. Because Somalia currently lacks internationally accredited testing laboratories and automated quarantine facilities, its

domestic regulatory framework relies on outdated, visual inspection methods. This operational deficit makes it impossible for local agencies to legally justify their border rejections on the global stage. This gap opens the door to retaliatory trade challenges from exporting trading partners.

E. Detailed Cross-Reference Matrix

Somalia Statutory Act / Code	Conflicting Domestic Clause	Core WTO Agreement violated	Exact Nature of Legal Incompatibility	Required Legislative Remedy
Customs Law (Decree-Law No. 1, of March 31,1961)	Section 14: Permits "official reference prices" for valuation.	GATT Article VII & Valuation Agreement	Rejects Transaction Value method in favour of arbitrary minimum pricing	Repeal Section 14; draft a new Customs Valuation Act adopting WTO methods.
Internal Revenue Law (Law No. 2, 1984)	Clause 4: Imposes differential sales tax on foreign imports.	GATT Article III (National Treatment)	Protects domestic goods by placing an unfair internal tax burden on imports.	Amend Clause 4 to equalize internal consumption tax rates across all goods.
Industrial Property Law (Law No. 33, 1975)	Section 8: Caps patent lifespan at 10 years; bans pharmaceutical patents.	TRIPS Agreement (Articles 27 & 33)	Fails to protect intellectual property rights and denies patent protection for critical inventions.	Repeal Law No. 33; enact a comprehensive, TRIPS-compliant Industrial Property Bill.
Import/Export Licensing Decree (No. 26, 1988)	Section 3: Discretionary licensing based on market saturation.	GATT Article XI (Elimination of Quotas)	Functions as an arbitrary quantitative restriction on incoming goods.	Transition to an automated, non-discretionary import registration platform.
Veterinary Public Health Law (1969)	Clause 12: Permits arbitrary agricultural border rejections.	SPS Agreement (Articles 2 & 5)	Replaces empirical risk-assessment protocols with subjective visual inspection methods.	Establish an independent, accredited National SPS Authority with modern testing facilities.

To anchor your doctoral dissertation in a robust comparative framework, this section provides an in-depth case comparison. It contrasts Somalia's current dual-track integration trajectory (World Trade Organization and East African Community) with the historical post-conflict accessions of Liberia (WTO 2016), Timor-Leste (WTO 2024), and Rwanda (EAC 2007).

By evaluating these states through the lens of Constructivist and Historical Institutionalism, we can isolate the structural variables that dictate whether international trade integration accelerates post-conflict reconstruction or exacerbates domestic institutional friction.

VI. DISCUSSION

A. Harmonizing Rule-Based Integration with Post-Conflict Realities

The findings illustrate a clear tension between the rigorous, rule-based standards demanded by international trade bodies and the operational realities of a fragile state. While the WTO and EAC offer clear blueprints for commercial governance, Somalia faces acute implementation constraints. The country suffers from a severe shortage of qualified trade lawyers, macroeconomists, and experienced treaty negotiators. This deficit creates an inherent risk where the country might agree to tariff concessions or stringent regulatory timelines that its domestic industries and administrative systems cannot realistically sustain.

Furthermore, the "Trade for Peace" model assumes that expanding commerce naturally dilutes political fragility. However, if the benefits of regional integration concentrate exclusively in urban centres or within specific elite-dominated sectors (such as telecommunications or major port logistics), rural borderlands may experience further marginalization. This uneven distribution could inadvertently exacerbate socioeconomic grievances. Therefore, trade institutionalism must be paired with proactive domestic redistribution and inclusive development frameworks.



B. Managing Asymmetry and Adjustment Frictions

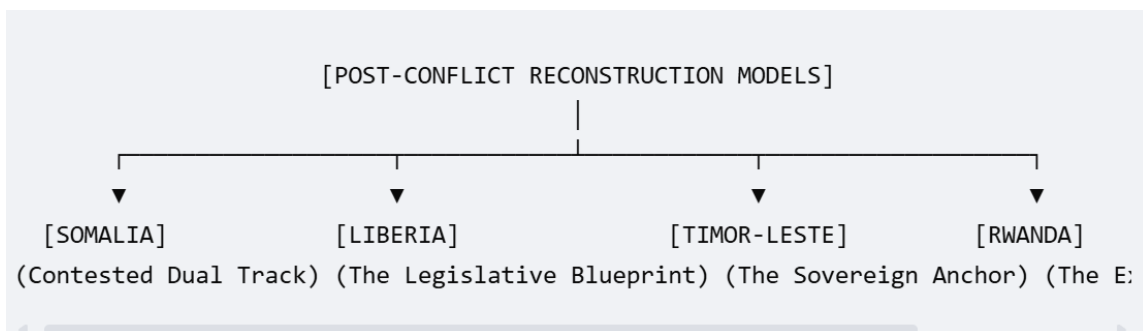
Somalia's current trade balance is highly asymmetrical, characterized by a structural reliance on livestock exports and food imports. Entering a free trade zone or an integrated customs union exposes domestic markets to immediate competition from highly efficient agribusinesses and manufacturing firms in countries like Kenya and Uganda.

<p>Current Export Profile: Unprocessed Livestock / Sesame (High vulnerability to external shocks) ▼ [EAC Customs Union Entry] Risk: Domestic Market Displacement</p>	<p>Chain Diversification (Competed out by regional firms) (Fisheries, agro processing, logistics)</p>
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<— VS —>		
Opportunity: Value		

Without calculated safeguards, this exposure could displace local farmers and small-scale manufacturers, resulting in short-term localized unemployment. Additionally, because customs duties historically comprised a dominant share of domestic government revenue in Somalia, moving toward the EAC Common External Tariff will generate significant fiscal adjustment pressures. The federal government must rapidly shift its revenue generation strategies away from border tariffs and toward broader domestic consumption taxes, such as a localized Value Added Tax (VAT).

C. *Deep Comparative Case Analysis: Structural Trajectories of Post-Conflict Trade Accession*



1. *Liberia (WTO Accession, 2016): The Legislative Overhaul Model*

- Conflict Context: Two civil wars (1989–2003) completely dismantled Liberia's state architecture, destroyed its infrastructure, and left the economy heavily dependent on iron ore and rubber exports.
- The Accession Strategy: Liberia used its WTO accession process (concluded in 2016) as a deliberate, externally driven mechanism to rebuild its legal framework. The country passed an "Accession Package" that amended over 40 domestic laws, updated its customs valuations to GATT Article VII standards, and established a modern Intellectual Property Office.
- Comparative Insight for Somalia: Liberia demonstrates that a fragile state can pass comprehensive legal reforms when bound to strict WTO timelines. However, post-accession data reveals that while Liberia successfully modernized its laws, its actual export capacity remained low due to unresolved electricity and road infrastructure deficits.
- The Lesson for Somalia: Updating legal statutes (such as repealing the 1961 Customs Law) is a necessary first step, but it will not boost trade unless paired with targeted infrastructure investment.

2. *Timor-Leste (WTO Accession, 2024): The Sovereign Institutional Anchor*

- Conflict Context: Following its 1999 vote for independence from Indonesia, Timor-Leste suffered severe scorched-earth violence that destroyed nearly 70% of its physical infrastructure.

- **The Accession Strategy:** Timor-Leste pursued a highly synchronized integration strategy, using its WTO accession (completed in mid-2024) [1, 2] as a stepping stone for its ongoing entry into the Association of Southeast Asian Nations (ASEAN). The government established a centralized, well-funded Ministry of Trade and Industry to lead negotiations, ensuring that domestic laws were updated to meet both WTO and regional ASEAN protocols simultaneously.
- **Comparative Insight for Somalia:** Timor-Leste highlights the benefits of a unified, highly capable negotiating team. Unlike Somalia—where authority is fragmented between the Federal Government (FGS) and Federal Member States (FMS)—Timor-Leste operated under a unified state model. This centralization allowed it to maintain clear policy consistency across both global and regional tracks.

3. *Rwanda (EAC Accession, 2007): The Executive Enforcer Model*

- **Conflict Context:** The 1994 genocide left Rwanda with destroyed infrastructure, severe human capital shortages, and deep social trauma.
- **The Accession Strategy:** Rwanda’s entry into the East African Community (EAC) in 2007 was driven by a highly centralized, top-down executive mandate. The government synchronized its national development strategy (Vision 2020) directly with the EAC Common Market Protocol. It prioritized the immediate removal of non-tariff barriers (NTBs), digitized its customs collection, and retrained its civil service to enforce regional standards.
- **Comparative Insight for Somalia:** Rwanda represents the gold standard for executive-led trade integration. It shows how strong political will can overcome deep post-conflict constraints. However, Rwanda’s top-down approach relied on an integrated, highly disciplined state apparatus. Somalia’s decentralized federal structure makes replicating this model difficult, as individual member states often resist federal customs policies.

4. *Cross-Case Comparative Matrix*

Comparative Dimension	Somalia (Current Trajectory)	Liberia (WTO, 2016)	Timor-Leste (WTO, 2024) [1, 2]	Rwanda (EAC, 2007)
Institutional Governance Model	Decentralized & Contested: Fragile federal-state relations complicate policy enforcement.	Centralized but Weak: Strong legal changes on paper, but low enforcement capacity.	Unified & Capable: Clean, coordinated approach across global and regional tracks.	Highly Disciplined & Top-Down: Direct executive oversight with strong accountability.
Integration Architecture	Simultaneous Tracks: Parallel push for WTO	Single-Track Multilateral: Focused primarily on	Sequential Dual-Track: Used WTO accession [1]	Regional Prioritization: Focused heavily on

	membership and EAC single market integration.	global WTO standards.	to prepare for ASEAN integration.	regional EAC protocols before wider global alignment.
Primary Economic Bottleneck	Fragmented Revenues: Port tariff disputes between the FGS and individual member states.	Supply-Side Constraints: Lack of reliable electricity and poor transport links.	Resource Dependence: Heavy reliance on oil and gas revenues complicates diversification.	Landlocked Geography: High transit costs through neighbouring coastal countries.
Informal Economy Dynamics	Dominant Sector: Large informal telecom and Hawala networks operate outside state control.	Substantive Sector: Small-scale informal cross-border trade dominated by women.	Moderate Sector: High rural subsistence agriculture with limited market links.	Highly Regulated: Systematic state efforts to formalize informal markets.

5. *Synthesis: Deconstructing the "Somali Exception" in Post-Conflict Trade Economics*

When analysed through the lens of Historical and Constructivist Institutionalism, this comparison highlights what we can term the "Somali Exception" in post-conflict trade integration.

[Traditional Post	Conflict Trade Pathway] Central State Enforces Treaties —> Legal Uniformity —> External Investment [The Somali Exception Pathway] Fragmented Federal System —> Localized Port Resistances —> Institutional Friction
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In the cases of Liberia, Timor-Leste, and Rwanda, international trade bodies interacted with a single, centralized state authority. Even when those central governments lacked deep administrative capacity (as in Liberia), they faced no internal competition over who held the legal right to collect tariffs or sign international treaties. Somalia, however, operates under a fragmented federal system. Decades of conflict have decentralized economic power. Major ports like Kismayo and Berbera established localized customs systems long before the Federal Government in Mogadishu began its modern WTO and EAC negotiations. Therefore, while a Neoliberal Institutionalise lens suggests that joining the WTO and EAC will automatically lower transaction costs for Somalia, a Historical-Constructivist analysis reveals a more complex reality. In Somalia, international trade

protocols act as an internal political disruptor. Forcing regional ports to adopt the EAC Common External Tariff or the WTO transaction valuation method directly threatens localized revenue streams. Consequently, Somalia's path to sustainable economic integration cannot rely solely on copying the legal blueprints of Liberia or the top-down methods of Rwanda. Instead, the country must design a unique institutional model: one that pairs international legal alignment with an explicit, negotiated domestic agreement on how trade revenues are shared between the federal government and member states.

D. The Political Economy of Unfinished Fiscal Federalism

The empirical findings detailed in Chapter 4 reveal that Somalia's structural integration into the World Trade Organization (WTO) and the East African Community (EAC) is fundamentally constrained not by a lack of statutory ambition, but by the unresolved political economy of domestic fiscal federalism. When analysed through the lens of Constructivist and Historical Institutionalism, the core tension emerges from a severe mismatch: the centralized, rule-bound requirements of international trade treaties conflict directly with Somalia's decentralized, fragmented post-conflict reality.

E. The Strategic Conflict: Centralized Legal Obligations vs. Subnational Economic Survival

Under Article XXIV of the General Agreement on Tariffs and Trade (GATT 1994) and the foundational principles of the EAC Common Market Protocol, an acceding sovereign state must present itself as a single, unified customs territory. The state must be capable of uniformly applying customs valuations, enforcing product standards, and collecting a single, harmonized tariff book at all ports of entry. However, the historical collapse of central authority in 1991 led to an asymmetric decentralization of economic power in Somalia. Subnational administrations established independent fiscal structures long before the formal re-emergence of the FGS. As a result, major maritime gateways—including the Port of Mogadishu (controlled by the FGS), Kismayo (Jubaland), Bosaso (Puntland), and Berbera (Somaliland)—historically operated as distinct economic fiefdoms. Each port applied its own specific tariffs and non-tariff regulations. This historical path dependency complicates modern trade integration. When the FGS signs a regional or global trade treaty, it incurs international legal obligations that it cannot automatically enforce across all subnational jurisdictions without triggering deep political resistance from the member states.

F. Intergovernmental Fiscal Friction and the Baidoa Revenue-Sharing Agreement

The structural roots of this domestic friction lie within the 2012 Provisional Constitution, which outlines general principles of fiscal federalism but fails to establish clear, enforceable mechanisms for revenue distribution or tax assignment.

To address this gap, the FGS and FMS leadership signed the March 2023 Baidoa Agreement. This historic accord established a formal framework for sharing domestic revenues, specifically targeting natural resources, fisheries, and maritime trade income. Despite this political breakthrough, implementation has stalled due to deep trust deficits and technical disputes over how to calculate baseline revenues. In practice, tax revenue

collection remains split. The FGS collects revenue within the Banaadir region (Mogadishu), while the FMS administrations collect and retain all customs revenues generated within their respective ports. This lack of centralized revenue sharing fuels intense tax competition between ports. Subnational authorities regularly lower their local tariff rates or simplify inspection rules to divert shipping traffic away from Mogadishu, directly undermining national trade policy.

G. Asymmetric Dependence on Port Tariffs and Local Security Budgets

The primary obstacle to resolving this fiscal standoff is the extreme dependence of subnational administrations on maritime port revenues for survival. In states like Jubaland and Puntland, trade taxes collected at Kismayo and Bosaso comprise the vast majority of local government revenues. This income is earmarked directly to fund regional security forces, pay civil service wages, and provide basic public services. Adopting the EAC Common External Tariff (CET) requires each subnational administration to cede its independent tariff-setting power to a centralized federal body. For an FMS executive, giving up control over local port customs means losing the financial foundation of their political authority. Without guaranteed, automated, and immediate cash transfers back from the central treasury in Mogadishu, subnational leaders view federal customs centralization as an existential threat to their regional stability and security.

H. Technical Fragmentations: The SOMCAS Deployment Gridlock

The political economy standoff is clearly visible in the uneven roll-out of trade-facilitation technology. Supported by international financial institutions under the Heavily Indebted Poor Countries (HIPC) initiative, the FGS successfully deployed the Somalia Customs Automated System (SOMCAS) at the Mogadishu seaport and airport. SOMCAS modernizes trade by introducing standardized Harmonized System (HS) codes, electronic cargo declarations, and objective ad valorem duty calculations based on true transaction values. While SOMCAS has greatly improved transparency in Mogadishu, its expansion to subnational ports faces intense resistance. Regional port operators often prefer older, manual customs methods where tariffs are assessed as a flat, fixed fee per container or bag, rather than based on the actual value of the cargo.

This manual approach allows local authorities to maintain opaque, highly flexible tax deals with powerful local merchant networks. These local businesses provide political loyalty and short-term credit to the FMS leadership in exchange for low import duties. Forcing these ports to transition to an automated, auditable system like SOMCAS threatens these deeply entrenched local patronage networks. This technical disconnect creates a fractured national trade regime that stalls negotiations with the WTO and the EAC.

I. Institutional Synthesis: The Path to a Negotiated Revenue Compact

From an institutionalise perspective, this gridlock confirms that international trade rules cannot simply be copied and pasted into a post-conflict country with fragmented political power. Somalia's trade trajectory proves that global market integration and internal state-building are deeply intertwined.

The country cannot achieve full global or regional compliance until it builds a durable domestic political settlement between the FGS and the FMS. Because the EAC and WTO do

not mandate how a sovereign country distributes its revenue internally, the solution lies in designing a specific Intergovernmental Customs Revenue Compact. Under this model, subnational ports would adopt national automated tracking and apply the unified Common External Tariff, but they would retain a legally protected percentage of the collected revenue at the point of entry before remitting the remainder to the central government.

VII. CONCLUSION AND RECOMMENDATIONS

A. Conclusion

International trade institutions are vital catalysts for rebuilding Somalia's economy. They offer structured pathways for regulatory modernization, expand market access, and provide external validation that helps reduce perceived country risk for international investors. Somalia's progress within the WTO accession framework and its integration into the East African Community represent significant leaps toward sustainable state-building.

However, trade agreements alone cannot automatically transform a fragile economy. True integration is an intensive process that requires domestic legal compliance, structural diversification, and infrastructural connectivity. If Somalia fails to address its internal capacity deficits, infrastructure bottlenecks, and export vulnerabilities, it risks becoming a passive consumer market for regional manufacturers rather than an active, competitive participant in global value chains. Sustainable trade integration must be driven by a dual strategy: maximizing the disciplinary benefits of external commitments while aggressively investing in domestic human capital and trade infrastructure.

B. Recommendations

International trade institutions play a critical role in transforming Somalia from a fragile, post-conflict economy into a resilient participant in global commerce. For Somalia to achieve sustainable economic integration, international trade bodies must move beyond standard technical assistances and actively build institutional capacity, de-risk the private sector, and support the blue economy. The structural recommendations for the roles of key international trade institutions include the following: -

1. Activating Regional and Continental Agreements

Somalia's strategic integration relies heavily on regional blocs to build trade volume and diversify its narrow export base.

- **East African Community (EAC):** The EAC Secretariat must aggressively support the execution of the joint roadmap designed to align Somalia's national laws, customs procedures, and regulatory frameworks with the EAC Common Market protocols. This includes facilitating human capital training to deploy Somali trade lawyers and specialists.
- **African Continental Free Trade Area (AfCFTA):** The AfCFTA Secretariat should partner with the Federal Government of Somalia to expedite parliamentary ratification. They must provide targeted training to local small and medium-sized enterprises (SMEs) to navigate continental rules of origin, allowing Somali businesses to access a market of over 1.3 billion people.

- COMESA: The Common Market for Eastern and Southern Africa should assist Somalia in upgrading its cross-border infrastructure and simplifying trade documentation to reduce the friction of formal regional trade.

2. *Accelerating Global Rules-Based Integration*

- World Trade Organization (WTO): Following the historic activation of Somalia's Accession Working Party, the WTO must apply its "Trade for Peace" framework to accommodate Somalia's status as a post-conflict Least Developed Country (LDC). The WTO should offer tailored technical flexibility during the Memorandum on the Foreign Trade Regime (MFTR) negotiations, shielding vulnerable infant industries while enforcing long-term structural transparency.

3. *De-Risking Trade Finance and Infrastructure*

- Afreximbank: Having formalised its membership, Afreximbank should launch dedicated trade credit guarantees and export development funds specifically targeted at Somalia's vibrant but under-financed private sector. This funding must be channelled into labour-intensive sectors like climate-resilient agriculture and fisheries.
- World Bank and International Finance Corporation (IFC): Utilizing Somalia's post-HIPC debt relief status, these entities should spearhead public-private partnerships (PPPs) focused on physical trade infrastructure—such as the modernization of the Mogadishu and Berbera ports and international trade corridors.

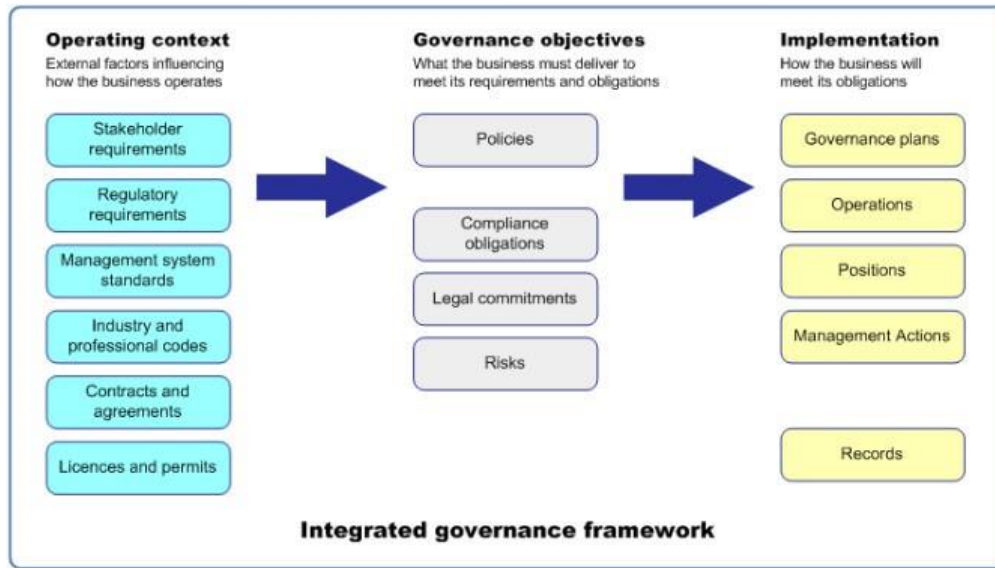
4. *Technical and Environmental Sustainability*

- International Trade Centre (ITC): The ITC needs to build localized export capacity by mapping global investment opportunities directly to Somali cooperatives. They should train local producers to meet strict international sanitary and phytosanitary (SPS) standards, allowing safe and sustainable live animal and product exports.
- UN Trade and Development (UNCTAD): UNCTAD should deliver digital integration support, assisting Somalia in automating its customs through system SOMCAS to reduce corruption, increase tariff revenue collection, and stabilize macroeconomic growth.

5. *Integrated Governance Framework.*

At a doctoral level, these recommendations should be framed as an Integrated Governance Framework. This framework treats trade integration not merely as a technical exercise, but as a strategic tool for state-building and political stabilization.

[MACRO-POLITICAL PILLAR]	[MICRO-INSTITUTIONAL PILLAR]
Political Settlements & Elite Bargains	Bureaucratic Insulation & MOCI Reform
Intergovernmental Trade Council (ITC)	- Meritocratic Civil Service Protection
Constitutional Revenue-Sharing Formulas	Technical Director Separation
Trade Cohesion Pacts with Border States	Legal Defence Units for Trade Disputes



6. *Macro-Political Stabilization and FGS Commitment Enforcement*

To transform international trade integration from a fragile technocratic roadmap into an irreversible state-building priority, the FGS must embed trade policy within Somalia's core political settlement.

- Establish a Permanent Intergovernmental Trade Council (ITC):

The FGS must codify a co-governance body that brings together the Federal Ministry of Finance, MOCI, and the Ministries of Commerce from all Federal Member States (FMS). The ITC should serve as the sole legal authority for implementing the East African Community (EAC) Common External Tariff (CET). By turning trade policy into a shared federal project, the FGS can reduce the risk of regional member states opting out of national trade agreements.

- Codify Constitutional Revenue-Sharing and Custom Compensation Formulas:

Transitioning to an ad valorem tariff structure under the EAC and WTO will temporarily disrupt local customs revenue at major ports like Mogadishu, Kismayo, and Bosaso. To counter this, the FGS must introduce a transparent, formula-based customs revenue-pooling mechanism. This mechanism should include a transitional compensation fund financed by international financial institutions (IFIs). This fund will temporarily offset immediate revenue drops for coastal states, neutralizing political resistance from regional elites who rely on port revenues.

- Leverage Trade Cohesion Pacts as Peace Incentives:

The FGS should position the African Continental Free Trade Area (AfCFTA) and EAC market access protocols as political incentives for local stabilization. Border infrastructure investments—such as Joint Border Posts (JBPs) and dry ports—should be tied directly to local security agreements. By linking access to international trade routes with regional stability, the FGS can turn local business networks and cross-border traders into active stakeholders in national security.

7. *Structural Reform and Institutional Empowerment of MOCI*

The ministry should establish a dedicated, Department of International Trade and Integration. Civil-service-protected Staff in this directorate should be hired through transparent, competitive examinations, with salaries supplemented by international capacity-building grants. This structural insulation ensures that specialized knowledge in rules of origin, customs valuation, and non-tariff barrier notification is preserved across changing political administrations.

- Establish an Autonomous Sanitary and Phytosanitary (SPS) Standard Authority:

To fully unlock regional markets, MOCI must transform the Somali Bureau of Standards (SOBS) into an independent, semi-autonomous regulatory agency. This authority requires dedicated budget lines to construct accredited testing laboratories at key ports of entry. By granting this agency regulatory independence, the FGS can ensure that quality certifications for major exports—such as livestock, bananas, and fisheries—are free from political influence, building international trust and helping to permanently lift foreign agricultural bans.

- Form a Trade Remedy and Legal Defence Unit within MOCI:

As Somalia lowers its protective tariffs to comply with WTO and EAC rules, local micro, small, and medium enterprises (MSMEs) will face intense competition from established regional industries. MOCI must establish a specialized legal unit trained in international trade law. This unit will monitor import surges, investigate predatory pricing, and deploy legal safeguards like anti-dumping and countervailing measures allowed under WTO rules. Providing this defence mechanism shields domestic industries from collapsing during the early stages of market integration.

8. *Operationalizing the Multilateral Roadmap*

To accelerate implementation of the WTO and EAC roadmaps, the FGS and MOCI must transform these large treaties into sequential, measurable domestic actions.

[Phased WTO Commitments]		> [Digital Custom Harmonization]		> [Donor Backed Reform Audits]
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- Implement a Phased Schedule for WTO Commitments:

MOCI must utilize the special and differential treatment provisions available to Least Developed Countries (LDCs) within the WTO. The ministry should negotiate extended transition periods for intellectual property rights (TRIPS) and trade-related investment measures (TRIMS). This approach gives domestic businesses and regulatory agencies the time they need to adjust before facing full international competition.

- Deploy Digital and Automated Customs Harmonization Systems:

To eliminate corruption and streamline border clearance, MOCI and the Ministry of Finance must implement the Automated System for Customs Data across all entry points nationwide. Digitalizing customs declarations and linking them directly to a centralized treasury network minimizes informal rent-seeking at borders, reduces cross-border transit times, and provides the FGS with real-time, accurate trade data for evidence-based policymaking.

- Institutionalize a Multi-Donor Trust Fund for Trade Reform Audits:

The FGS should partner with the World Bank, IMF, and WTO to establish an independent oversight body tasked with tracking trade reforms. This body will conduct bi-annual audits of Somalia's progress against its institutional integration roadmaps. Tying international budgetary support and debt-relief benchmarks directly to verified trade policy reforms creates a strong financial incentive for the FGS to maintain high-level political commitment.

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