Somalia accession to the East African Community has become recently a hot topic. A policy note issued by the Economic Research Policy Centre (ERPC), a Ugandan think-tank, questions the ability of Somalia to integrate economically and politically within such Regional Economic Community because of the persisting conflicts and insecurity in the country, that in the latest years have produced spillover insurgencies straining regional relations and resulting in a refugee crisis across regional borders.

The note argues that despite Somalia is currently a net importer from the region, mainly from Kenya, it could benefit from the integration in the EAC if it will address its internal longstanding conflicts and focus on the production of those goods where it has a comparative advantage, mainly relying on the export to the EAC partner states of live bovine animals as well as fresh raw hides and skins. Regarding the destination markets, those that are more attractive, according to the note, are Uganda and Kenya, which could also absorb part of its production of crude palm oil and fractions, as well as maize (excluding seed for sowing). Uganda, on the other hand, has the highest unrealized potential in supplying Somalia with cane or beet sugar and pure sucrose; while Kenya can provide to Somalia vegetables, fresh or chilled. Similarly, Tanzania could supply Somalia with semi-milled or wholly milled rice, while Rwanda with wheat and meslin. In addition, Uganda has the highest potential to diversify exports to Somalia in peas, dried and shelled; Kenya in semi-milled or wholly milled rice; and both Tanzania and Rwanda in vegetables, fresh or chilled.

In order the above situation will materialize, the paper warns, it will be particularly important that Somalia improves the internal security to curb terrorism and internal conflicts. Moreover, the country should pursue its nation-building efforts, by creating the conditions for the proper functioning of its governance structures/institutions. This is also expected to increase the confidence of foreign investors in the country.

An important recommendation emerging from the ERPC note is that Somalia should enforce adherence to international and regional standards (in particular the EAC standards), as well as sanitary and phytosanitary measures, and pest and disease controls. This is critical because the country has a comparative advantage in the supply of live animals and hides and skins, which are products that could incur in NTBs and other restrictions such as import bans because of a lack of compliance to the above standards.

Concerning the EAC partner states, the recommendation is that they should:

- 1) fast-track the admission process, if the outcomes of the concluded verification exercise and ongoing negotiations are promising, to allow Somalia to take advantage of the potential trade benefits;
- 2) Join efforts with Somalia to strengthen security and curb terrorists' activities as a way of strengthening cross-border and trade along corridors such as the Arab Peninsula that the bloc would benefit from;
- 3) Through concerted efforts, invest in regional transport infrastructure that effectively connects all EAC partners to Somalia and increases regional trade.

However, when the note argues that terrorism in Somalia has repelled so far the flow of Foreign Direct Investment (FDI), the note gives an information that is not entirely correct. In the private sector engagement roadmap that we have developed for the Horn of Africa Initiative (page 3), we have shown that according to data from UNCTAD, Somalia has managed to attract a constantly rising level of investments during the last decade, including during the Covid crisis, reaching in 2022 a total of 626 million of USD, in contrast with the other countries in the region, where the grown in FDI has been highly erratic.

Moreover, the note does not address one of the key challenges that Somalia currently faces with its closer neighbor and main economy in the region: i.e., Kenya. Borders posts between the two countries (specifically, those in Mandera, Lamu and Garissa), are currently closed as a measure to prevent the infiltration of terrorists in Kenya, despite the several declarations issued by its authorities to reopen such border points, that so far have not produced any concrete result. This situation, even if understandable due to the recent increase of al Shabaab attacks in the north-east of Kenya, obliges traders from the two countries to use unauthorized paths for moving goods from one side to another of the border. This feeds an already thriving informal economy in the area that causes significant losses of revenues for both States, as their transactions evade any customs control. As an alternative to trading informally, economic operators in the two countries are compelled to use more expensive (e.g., air transport) or slow (e.g., maritime transport) transport modalities in order to exchange goods with each other, which obviously deters them from trading. This problem is particularly critical, and will need to be addressed as soon as possible, or no integration of Somalia with the EAC partner States will be possible. A possible solution would be the establishment of a joint security force to control and monitor at their border posts the movement of terrorists and other persons engaged in criminal activities. An example of such security forces are those established by South Sudan with the Central African Republic and with Sudan.

Lastly, another aspect that is not considered in the report is how a country with reduced budget resources and increasing financing needs, will manage to pay the annual contribution to the EAC, that according to art. 132.4 of the Treaty establishing such Community must be covered in equal shares by the Partner States. On average, Partners States pay to the EAC sums in the tune of millions of USD per year. South Sudan and Burundi, which were admitted to the EAC, respectively in 2016 and 2017, had similar problems of inadequate overstretched budgets. So far, these two countries have accumulated arrears that are close to 30 million USD (for South Sudan) and more than 10 million USD (for Burundi). Will Somalia follow their same fate?