

Effects of Berbera Corridor on Trade and Security in the Horn of Africa: the Case of Somaliland and Ethiopia

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ABSTRACT

In the post-1991 period, there have been considerable improvements in Ethio–Somaliland relations. The people of the two countries involved in development of better relations and cooperation which significantly contributed to the security and stability of the region. While Ethiopia became a landlocked state following Eritrea’s separation from Ethiopia and the subsequent war on the border between the two countries. Somaliland has paid special attention to the situation of Ethiopia’s landlocked status and opportunities that entailed. On the other hand, Ethiopia has been aware of its vulnerability by relying on a single port in a foreign country. The central objective of this study is to examine the opportunities associated with the Berbera corridor development and its contribution to security and stability of the region. A qualitative research approach was used and primary data were collected using the interview. One of the key findings of this study is that the development of the Berbera corridor will boost the economic and trade relations between and among nations in the Horn of Africa on the one hand, and will enhance the security and stability of the region on the other hand. The study underlines that Somaliland’s important strategic position in the region and its willingness to collaborate with other regional states to maintain the peace and security of the region will contribute to the region’s stability and will reduce fragility and vulnerability of the region. However, Somaliland deserves not only a mere appreciation of what it achieved without international support and assistance but also needs legal recognition as a sovereign state.

INTRODUCTION

Since rising to power in 2018, Ethiopia’s Prime Minister Abiy Ahmed has been stimulating economic integration and set off initiatives that could have a positive impact on the region’s political, economic, and social stability if materialized.¹ During early days in office, the Prime Minister has not only brought increased stability and political openness within Ethiopia² alone but also moved around the Horn of Africa encouraging leaders on the need to have peace and trust among nations of the region. Peace deals and trade agreements have been ushered between Ethiopia on one hand, and its neighbors, on the other hand, include Eritrea, the arch-foe of Ethiopia in the region, Djibouti, Somalia, Sudan, and most likely Egypt where the Prime Minister paid an official visit to Cairo.³ But these relations have since deteriorated sharply.

This development happening in the region and the optimistic policies and strategies from Abiy attracted appreciation from different sources, where some renowned scholars in the region proposed a form of political integration of the Horn of Africa. It is worth noting that the existing security situation in the

¹ International Crisis Group (2019). *Keeping Ethiopia’s Transition on the Rails*. Africa Report N° 283. Addis Ababa/Brussels/Nairobi: International Crisis Group.

² Ezekiel Gebissa (2018). *Ambling toward Democracy: Lessons for Ethiopia from Successful Transitions*, *Horn of Africa Bulletin*, Volume 30, Issue 4. Pp. 17–22.

³ Mosley, Jason (2020). *Ethiopia’s Transition: Implications for the Horn of Africa and Red Sea Region*. Sweden: Stockholm International Peace Research Institute.

region and the political, social, and economic structures of the Horn states are key barriers to regional integration and the poor land transport interconnectedness in the Horn of Africa. This, however, weakened policies on inter-regional trade effectiveness as compared to the Southern African Development Community (SADC) of southern African region, and the Economic Community of West African States (ECOWAS) in western Africa.

Corridors are necessarily important for growth and development of the state. Developing transportation corridors have been observed among the most important factors in ensuring regional development and integration.⁴ It is widely known that economic corridors always attract investment opportunities and generate economic activities within a specific region, on the foundation of an efficient transportation system. At least this provides two important inputs for competitiveness: lower distribution costs and high-quality real estate. The corridor approach to industrial development primarily takes advantage of the existence of proven, inherent, and underutilized economic development potential within the region.⁵

Establishing an economic corridor is a holistic strategy that improves and enhances investments in a multi-sectorial approach that may include sectors such as transport, energy, and telecoms within a specific region. Brahmawong and Sukharomana⁶ analysis note that economic development of the corridors may increase both the national and per capita income, but if not sustainably managed it may result in the reduction of natural resources, degradation of environmental quality, and diminished livelihood, all of which are short-term and long-term determinants of the welfare of the population. Therefore, a comprehensive analysis of all benefits and costs is crucial in decision making.⁷

What Brahmawong and Sukharomana⁸ noted in their analysis is that even if the economic, social, and environmental benefits exceed the economic and social costs for the host countries, caution must be made if the countries have a weak law-enforcement system or an inadequate cost-internalizing scheme. However, inter-regional development disparities require the improvement of the policies towards bringing the less developed regions closer to the developed regions in terms of welfare. This underlines the importance of the concept of “*regional development*”, which has been gaining increasing importance in recent times.⁹

The Republic of Somaliland, though it has not yet been recognized by any state or international organization, has a significant role to play in the economic integration of the region, due to its strategic location in the Horn of Africa. The Berbera Corridor is one determinant¹⁰ and constitutes one of the most significant development projects within Somaliland’s territory that could contribute to regional economic

⁴ Kebapçı, H. (2011), “*Bölgesel Kalkınmada Dış Ticaretin Rolü: Burdur-Isparta-Antalya İllerinin Karşılaştırması*”, Süleyman Demirel Üniversitesi, SBE, Yayınlanmamış Yüksek Lisans Tezi, Isparta.

⁵ Keser, Hilal Y. (2015). Importance of Transport Corridors in Regional Development: The Case of TRACECA, *Sosyoekonomi*, Vol. 23 (24). Pp. 163–182.

⁶ Brahmawong, P. & Sukharomana, R. (2011). *East-West Economic Corridor and Southern Economic Corridor of Greater Mekong Sub region: Who Gains and Who Loses? School of Economic and Public Policy*. Bangkok: Srinakharinwirot University.

⁷ Ibid.

⁸ Ibid.

⁹ Arnold, J. (2006). *Best Practices in Corridor Management*. Washington, DC: The World Bank.

¹⁰ World Bank (2015). *Horn of Africa Initiative: Berbera Corridor Program*. Washington, DC: The World Bank.

integration agenda¹¹ agreed upon by the region's leaders in recent years. An important addition to determinants of economic integration initiatives proposed by regional leaders, is Somaliland's provision of a significant contribution to regional security and stability.

This study aims to examine the benefits and dilemmas associated with the Berbera corridor's development, and the implications this corridor could have on the security and trade issues within the Horn of Africa in general, and in particular Somaliland-Ethiopian trade. The study focuses on the two most important obvious infrastructure components of the Berbera project: the expansion and rehabilitation of the existing port, and the construction of a new road connecting Berbera to the Ethiopian border, and an airport. Other infrastructure components such as energy interconnectors, oil, and gas pipelines connecting Somaliland from Ethiopia's side are beyond the scope of this study. The fact, however, remains that Ethiopia, the most populous landlocked country in the world, drives the regional integration agenda within the Horn of Africa.

With this fact in mind, the development of the Berbera Corridor becomes a significant addition to the region's infrastructure. Thus, Somaliland's status as the only politically stable and a democratic state without international political recognition in the Horn of Africa makes the Berbera Corridor development a precursor to eventual transformation of regional economic and security status. The port expansion and construction of the corridor will boost economic and trade relations between Somaliland and Ethiopia as well as strengthen the security and stability of the region.

AN OUTLOOK OVER BERBERA PORT

Berbera in general refers to both the city and the port, and its history goes back more than a thousand years in which the port has been operational as a port. Berbera is situated in one of the most geopolitical and geostrategic regions in the world, straddling to the Red Sea and facing the Gulf of Aden. The Berbera port for centuries has been connecting three ancient civilizations: Africa, Arabia, and India. The present port was developed initially by the Soviet Union in 1968 (300 meters), and the second 350 meters linear wharf was expanded in 1984 by the USA. The port is the longest established port in Somaliland and has grown with the city to become one of the most renowned seaports in the East Africa region.¹² Berbera plays a pivotal commercial role, by providing portal services to communities within Somaliland and certain extent communities in neighboring regions, such as Somalia and Ethiopia.

One of the Somaliland Government officials is arguing that the Berbera corridor is currently acting as a transit corridor for import-export activities destined for Ethiopia, particularly in eastern regions of Ethiopia.¹³ The Berbera Corridor functions as an alternative to the Djibouti Corridor, although transport across the corridor is not yet fully competitive, both in terms of speed and costs of transport. While Berbera Corridor remains the primary commercial port transit for Somaliland cargo¹⁴, the reality is that Berbera is the only other port, apart from Djibouti, on the northern coast of the Horn of Africa close to Ethiopia's eastern regions. This is because, in contrast to other major ports on the Gulf of Aden, only Berbera is a deep-water port.

¹¹World Bank (2006). *Somali Joint Needs Assessment Infrastructure Cluster Report*. Available at <http://documents1.worldbank.org/curated/en/656611468103499294/pdf/802330WP0Somal0Box0379802B00PUBLC0.pdf>. Accessed on 26 July 2020.

¹² Afro-Consult, PLC & Louis Berger, SA (2003). *Pre-Feasibility Study of the Regional Transport Sector in the Berbera Corridor*. A feasibility study commissioned by the European Union Commission.

¹³ Interview with a senior official at the Somaliland permanent diplomatic mission in Addis Ababa, Ethiopia.

¹⁴ Interview with a senior at the Chamber of Commerce, on May 20, 2019, Hargeisa, Somaliland.

It is located at an ideal and strategic place when it comes to commercial and oil shipping lanes. Therefore, the idea of developing the port has been coming from different fronts. One of the ideas has been encouraging the involvement of the private sector in the development project. It was an idea not only pushed by the state of Somaliland but has also been proposed by the World Bank. This led Somaliland to search for an international port operator in early 2014 to develop the port. Also, the idea of Corridor development is a part of African corridors and the plan is to improve and increase infrastructures' interconnectedness within Africa and as part of the East African corridors. Therefore, the Berbera corridor development consists of ports, airports, roads, railways, and other infrastructures necessary for development of the region that include energy, mining, and other projects beneficial to the region.¹⁵

However, the Berbera Tripartite agreement between Somaliland, Ethiopia, and DP World in March 2018 can unlock the potential and untapped coastal economy of Somaliland. In the same way, it can provide a bridge to the UAE economy, not only from Ethiopia but also from African hinterlands through the Berbera Port and the free zone to be established there.¹⁶ However, the expansion of Berbera Port and construction of the Berbera Corridor will be a valuable addition to the already ongoing trade activities between Somaliland and Ethiopia.

THE REGIONAL INVOLVEMENT AND THE EXISTING CORRIDORS

The development of the Berbera corridor has seen the participation by different actors both in the region and beyond. The European Union is one of the key actors advocating in the development of the Berbera corridor. A study of 2003 commissioned by the European Union concluded that much work remained to be done for the Port to compete with Djibouti's port, including the development and construction of the road connecting the port to the border of Ethiopia. This demonstrates how the European Union has been interested in the development of the Berbera corridor.¹⁷ However, other actors both in the region and beyond also advocated for this development.

The Berbera Corridor project, including the port, has been endorsed by IGAD member states as a high priority scheme in the IGAD infrastructure investment plan. Furthermore, IGAD and Ethiopia requested the President of the World Bank Group to make it a priority under the Horn of Africa regional initiative launched in 2014. Also, the corridor is an African Union priority infrastructure project under the Programme for Infrastructure Development in Africa (PIDA) endorsed by Heads of State in 2012, where it is identified as part of the Djibouti–Addis Ababa– Khartoum Corridor, with a future connection to Juba and the Trans-African Highway from Djibouti to N'Djamena in Chad through Sudan.¹⁸

The Berbera corridor is not the only corridor in the Horn of Africa. Despite prevalent regional constraints to formal trade growth, there are existing routes that provide formal trade activities within the Horn of Africa, in particular between Ethiopia and Djibouti. It is widely known that cargo traffic currently is moved by road from Djibouti along the northern corridor route through Galafi–Mile–Awash–Addis Ababa – a distance of 918 kilometers. Another shorter 788 kilometers route is the southern corridor that

¹⁵ Ibid., 13.

¹⁶ Ibid.

¹⁷ Ibid., 14.

¹⁸ UN-OHRLLS (2017). *Africa regional report on improving transit cooperation, trade and trade facilitation for the benefit of the landlocked development countries: Current status and policy implications*. Available at <http://unohrlls.org/custom-content/uploads/2017/05/AFRICA-REGION-REPORT-7-June.pdf>. Accessed on 27 July 2020.

runs through Dewele–Dire Dawa–Mieso–Awash–Addis Ababa.¹⁹ The Berbera Corridor is an asphalt-concrete surface road connecting Berbera and mainland Ethiopia and especially the capital, Addis Ababa. This road has a total length of 937 kilometers with 250 kilometers based in Somaliland and a further 696 kilometers based in Ethiopia.²⁰

INTERLOCKING THE REGION THROUGH THE BERBERA CORRIDOR

The Berbera Corridor infrastructural development is aimed at implementing a package of critical infrastructure developments and supporting interventions that will provide economic benefits to both Somaliland and Ethiopia. The World Bank is optimistic and anticipates that the Berbera Corridor development would create jobs, stimulate private enterprises, and directly contribute to peace strengthening efforts in a fragile region.²¹ However, results from the analysis showed that the international community, as well as regional actors, agree that the Berbera corridor has the potential to serve as an important corridor for trade and transit in the Horn of Africa due to its strategic place and geographical proximity to the most populous landlocked nation, Ethiopia and its hinterlands.²² Also, there is optimism about the corridor as many believe that the development of the Berbera corridor is not only facilitating trade and security but also contributes to the likelihood that Somaliland will eventually be recognized as a sovereign state.²³

The Horn of African states plan to increase economic development, efficient and secure import-export corridors, maritime gateways, and sea routes are seen as increasingly important. Somaliland in this regard may rely on its economic development through the provision of logistical services to the other parts of the region, while Ethiopia will benefit from access to the sea by carrying out efficient import-export activities through the corridor. Currently, Ethiopia's import-export activities heavily and solely rely on Djibouti port services.²⁴

Current transport connections in the region are indeed largely influenced by political considerations and governed more by bilateral agreements than the regional consensus and collaboration. Stronger regional transport links are needed to unlock and develop potential opportunities for social and economic growth. Increasing political cooperation and strengthening for the trade and infrastructure functions of the Inter-Governmental Authority for Development (IGAD) would be a means to achieve this. Therefore, there are strong interests and readiness expressed by trans-national corporations – for example, mining companies, telecoms, and banks – to actively engage within the development of the corridor. However, several regional states' willingness to open their markets to international companies and banks remains low.

A study commissioned by the European Union in 2003 compares the Berbera corridor with the other routes from Ethiopia to regional seaports in order to determine the potential viability of investments to upgrade its main components. They include the Port of Berbera, the unimproved sections of the road between Berbera and Addis Ababa, and the Hargeisa and Berbera airports. However, this study is now

¹⁹ AACCSA (2009). *The Management of Commercial Road Transport in Ethiopia*. Addis Ababa: Addis Ababa Chamber of Commerce and Sectoral Associations (AACCSA).

²⁰ Somaliland Biz. *DP World Berbera Deal*. Available at <http://www.somalilandbiz.com/watch-list-dp-world-berbera-deal/>. Accessed on September 28 2020 at 12:15 pm.

²¹ *Ibid.*, 10.

²² Interview with a senior official at the Somaliland Ministry of Public Works, Housing and Land, on June 12, 2019, Hargeisa, Somaliland.

²³ *Ibid.*, 14.

²⁴ *Ibid.*, 19.

more than fifteen years old. Since then, many development interventions have happened which have brought a change in regards to the road infrastructure within Ethiopia.²⁵ From Somaliland's side, a 250 kilometers long road that links Berbera to the Ethiopian border at Tog Wajale is now under construction as part of the corridor.

In 2014, the World Bank commissioned another study called a regional initiative in support of the Horn of Africa.²⁶ The study was aimed to address some of the key drivers of instability in the Horn of Africa, to promote development in the area, and to identify issues that demand cross-border collaborative solutions to reducing fragility and instability. The Berbera Corridor was envisioned in realizing the latter two objectives of the study. Moreover, the study highlighted that the main concerns were insecurity and vulnerability, efforts that recognize the link between security and development, the importance of giving hope to vulnerable citizens and helping women and children to overcome poverty.

There are several essential infrastructure investments and other interventions that are key to securing the maximum benefits from the corridor. The most important infrastructure component is the development of the seaport. This is followed by road corridor improvements which remain a priority for Somaliland and in Ethiopia where necessary. Besides those two obvious infrastructure components, there are also other less popular infrastructure projects within the corridor.²⁷ This includes the construction of an energy interconnector between Somaliland and Ethiopia and undersea and landline fiber optic cables. Also, studies have been conducted on how to increase the use of renewable and restructuring and capacitation of the energy sector in Somaliland.

In regards to the fiber optic cable, the aim is to enhance and reduce the cost of communication and data transmission between the countries in the Horn of Africa. A high ranking official at the Somaliland Ministry of Public Works, Housing, and Land has stated that the development of the hard infrastructure in Berbera is in progress, with 400m quay and a 250,000m² yard extension construction ongoing. Corridor construction from Berbera to Hargeisa was started, where the first twelve kilometers with an excellent asphalt-concrete surface condition was inaugurated.²⁸ Policies and regulation for transit goods and traffic destined for Ethiopia is also ready from the Somaliland side. However, negotiations between the two countries on customs and transport protocols are scheduled to start shortly.

Besides infrastructure components, the corridor project also includes studies that need to be conducted in order to comprehensively capture necessary measures for the facilitation of trade, the improvement of the region's and individual countries' competitiveness, facilitation of opportunities for the private sector to invest, and provide services along the corridor, and attract investment. These items constitute the soft components of the corridor development project designed and envisioned for Berbera Corridor.²⁹

BERBERA PORT A PIVOT FOR ETHIOPIA'S TRADE

Ethiopia has been landlocked since 1993 following Eritrea's separation from Ethiopia. Losing Eritrea's ports of Assab and Massawa forced Ethiopia to find new sea outlets from neighboring countries such as

²⁵ Ibid., 12.

²⁶ The World Bank (2014). *Regional Initiative in Support of the Horn of Africa*. World Bank Regional Integration Department Africa Region.

²⁷ African Development Bank (2019). *Somalia Regional Corridors Infrastructure Programme*. African Development Bank.

²⁸ Ibid., 22.

²⁹ Ibid., 6.

Djibouti.³⁰ In 2016 more than 95% of Ethiopia's external trade passed through Djibouti. In this respect, while Ethiopia's import-export trade is progressively expanding, Ethiopia has accepted the fact that its dependence on a single foreign port will put its growing economy in jeopardy. Therefore, Ethiopia has been looking for other options, these include, Berbera Port.³¹ Therefore, Ethiopia envisioned increasing the use of Berbera Port and its corridor.

Due to its strategic location in the region and facing the eastern and southern parts of Ethiopia, an eastern development corridor would exploit the agricultural and livestock potentials, and manufactured goods to and from southern and eastern parts of Ethiopia. And, eventually perhaps, natural resources extraction such as oil and gas in the Somali region. This encourages enhanced international export earnings through value addition and the creation of cross-border supply chains. Thus, the objective for the Berbera corridor development, from the Ethiopian perspective, is therefore important in creating an alternative transit corridor for its import-export trade transactions.³²

The expansion and development in the Berbera Port are expected to make Ethiopia the main import-export customer of Berbera. Although Ethiopia outlined the use of Berbera port and shifting 30% of its import-export activities in its five-year 2010 growth and transformation plan³³, after the expansion and modernization of the port, it is expected to capture up to 50% of the future increase of trade bound to and from Ethiopia which is estimated to be about \$1.4 billion per year. Initial estimates of Ethiopian trade that could be attracted to use Berbera are 5.4 mtpa of general and bulk cargo and 306,000 TEUs (Twenty-foot equivalent unit) by 2030.³⁴ This could be linked to Ethiopia's 19% stake in the Berbera Port development which is expected to influence its decision to make high use of the Berbera Port facilities.

One of the key exports of Somaliland to the outside world particularly the Middle Eastern states is livestock. Livestock also comes from other parts of the Somali-speaking region in the Horn of Africa. Livestock trade constitutes one of the key challenges in Somaliland and Ethiopia's trade negotiations, where Ethiopia regards all those livestock animals passing through Berbera as its resources. Although there are claims and counterclaims over ownership and source of those animals, the Somali livestock trade indeed involves an annual export of at least \$200 million worth of live animals through the ports of Berbera, Bosaso, and Djibouti across the Gulf of Aden. This is the largest movement of live animal trade anywhere in the world.³⁵

The Somali pastoral economy indeed is a critical platform for economic interdependence. Linking the interior rangelands of Somaliland and Ethiopia's Somali Region with the Port of Berbera could enhance prospects for the marketing of livestock.³⁶ The people of Ethiopia's Somali Region will always have links to their kin and neighbors across the border as a result of ethnic and trade connections that have lasted for

³⁰ Cannon, Brendon J. (2017). Ethiopia, Berbera Port, and the Shifting Balance of Power in the Horn of Africa, *Rising Powers Quarterly*, Volume 2, Issue 4, (2017), pp. 7–29.

³¹ *Ibid.*, 19.

³² *Ibid.*, 14.

³³ Ethiopia's Ministry of Finance and Economic Development (2013). *Annual Progress Report for F.Y. 2011/12: Growth and Transformation Plan (the 5 years National Plan)*. Addis Ababa: Ethiopia's Ministry of Finance and Economic Development.

³⁴ *Ibid.*, 20.

³⁵ Majid, Nisar (2010). *Livestock Trade in the Djibouti, Somali, and Ethiopian Borderlands*. London: Chattam House.

³⁶ *Ibid.*, 26.

centuries. However, a more regulated trade environment has the potential to reduce political stresses and conflicts within the communities and between states.

THE CORRIDOR AND CROSS-BORDER TRADE OPPORTUNITIES

Somaliland is largely dependent on the Port of Berbera with all its maritime imports and exports. Due to Somaliland's high dependency on Berbera for import and export, Berbera also plays an important role in the economy of Somaliland by contributing significantly to the coffers of the treasury. The objective for the Berbera corridor development, from the Somaliland perspective, is therefore focused on improving the trade capacity with its neighbors including Ethiopia and overseas trade partners, as well as stimulation of local economic development along the corridor.³⁷

Exploiting opportunities for cross-border trade between Somaliland and Ethiopia are likely to have a direct impact on incomes and employment opportunities in the region and improve outcomes for many households, particularly if the extensive informal trade relations can be capitalized on. At the forefront of these opportunities is potential oil and gas exports yet to be developed in the Somali region in Ethiopia, and trade in food staples to the global market. Currently, some regional trade is taking place, for instance, Sudan has started to supply petroleum products to Ethiopia, and Port Sudan has become an outlet for Ethiopian agricultural exports.³⁸ However, IGAD has been lagging behind other regional economic communities in negotiating and interpreting trade agreements, and the institutional framework to resolve associated disputes is weak. One of the biggest challenges to regional integration are the member countries producing similar products, which hinders trade between them.

One of the crucial steps towards materialization of regional economic integration and interconnectedness is the Ethiopia and Somaliland memorandum of understanding to cooperate on trade and infrastructure. The memorandum opens the door for increased trade flows between the two countries and greater use of the strategic Port of Berbera. The understanding was signed by Ethiopia's Minister for Finance and Economic Development, and Somaliland's Minister for Foreign Affairs and International Cooperation in 2014. A technical committee has been established to implement the agreement and it is understood that the Government of Ethiopia is aiming to use the Port of Berbera for 50 % of the country's imports–exports.³⁹ Ethiopia's commitment to the corridor has subsequently been confirmed by senior officials of Ethiopia's Ministry of Finance and Economic Development.⁴⁰

Dubai Ports World is one of the global leaders in supply chain solutions specialized in marine and ports terminal operations, free zones, logistics, and ancillary services to technology-driven trade solutions, and many other important constituents of the global chain, to add value and provide quality services today and tomorrow.⁴¹ The development of the Berbera port and the corridor are indeed believed to be the major transformers of Somaliland–Ethiopia trade relations and many citizens are optimistic about the benefits associated with the DP World engagement in the Somaliland port facilities. However, implementing existing agreements that allow Ethiopia to use the port was not without challenges. These challenges need to be addressed through further negotiations to reach a win-win solution that could balance the interests of the two countries and nations.

³⁷ Ibid., 14.

³⁸ Ibid, 26.

³⁹ Ibid, 20.

⁴⁰ Ibid, 30.

⁴¹ DP World (2018). *Creating the Future, Now*. Available at <http://www.dpworldberbera.com/dp-world-berbera>. Accessed on September 2020 at 10:55 am.

Despite the existence of all these negotiations and discussions, the trade between the two states and communities is primarily informal. Somaliland and Ethiopia need to engage in more negotiations to make formal trade relations successful. Yet, there is no formal trade agreement between the two countries, but Somaliland remains in the top ten destinations of Ethiopian exports. Ethiopia earns close to one billion US dollars per annum from Somaliland⁴², while Somaliland business people always complain about Ethiopia's reluctance to open its market for Somaliland businesses. The question that arises from this analysis however is: what are the local products that Somaliland business people can export to Ethiopian markets? Somaliland, indeed, has few locally produced items that can enter into Ethiopian markets, except for fish and salt.

However, economic activity across the region is undergoing a tremendous period of realignment, with major investors tending to view things on a regional rather than a national context. Whilst Somaliland's current status as a non-recognized state may discourage some investors, making it illegible to foreign direct investment. Others see an opportunity for Somaliland to create a Berbera free trade and industrial zone. This Berbera free and industrial zones could be similar to Iran's Chabahar free trade and industrial zone and the free trade zones on Qeshm and Kish Islands, which remain among the success stories of free trade and industrial zones.

PORTS–MILITARY BASES NEXUS AND ITS IMPLICATIONS FOR REGIONAL SECURITY

Governments in the Horn of Africa face challenges in providing development and confirmed security to all parts including underdeveloped regions in their countries. The establishment of transport corridors with long-distance traffic creates pressure to address security issues and bring such stability that benefits local populations and trade. In order to foster ownership and reduce risks of insecurity in the corridor, activities may be included that create business and employment opportunities for communities along the corridor.⁴³ However, the development of Berbera corridor will help to stabilize the region due to an increase of interdependence between and among people. Moreover, it will contribute to an increase in economic growth.

Considering the importance of security of the region, three main security issues are worthy of investigation within this study. They include the impact of the lack of political recognition of Somaliland, maritime security, and the implications of establishing military bases along with the regional commercial ports.⁴⁴ It is important to realize the significance and importance of other security issues that also affect the region's security, such as the uncontrolled movement of people⁴⁵ and goods.

One of the very important aspects of regional security and stability is maritime security. Maritime security indeed has tended to be side-lined in conventional thinking on peace and security in the Horn of Africa for many decades. 'Sea-blindness' as a factor in peace and security policy deliberations has the effect of downgrading the importance of the maritime domain to the security of states and human security of their citizens. Indeed, maritime insecurity in the Horn of Africa is rendered more complex by the existence of

⁴² Ibid, 13.

⁴³ IGAD (2016). *IGAD State of the Region Report Intergovernmental Authority on Development: A Popular Version*. Djibouti: IGAD.

⁴⁴ Willem van den Berg & Jos Meester (2018). *Port and Power: the securitisation of port politics*, Horn of Africa Bulletin. Available at <http://life-peace.org/hab/ports-and-power/>. Accessed on 27 July 2020.

⁴⁵ UNECA (2017). *New Fringe Pastoralism: Conflict and Insecurity and Development in the Horn of Africa and the Sahel*. Addis Ababa: UN Economic Commission for Africa.

the world's most populous, landlocked state, Ethiopia, who relies on its neighbors for access to the sea outlets.⁴⁶

There will be an inevitable conflict of interests and tensions between landlocked and coastal states which is another major aspect of maritime insecurity in the Horn of Africa. Maritime security issues from the perspective of a landlocked state is also another key important topic.⁴⁷ Recently, the Ethiopian Prime Minister, along with the French President, announced the re-establishment of the Ethiopian Navy with the help of France. This issue has escalated the rising geopolitical significance of Djibouti within the Horn of Africa, which many countries have been closely watching. Meanwhile, many citizens on the Horn of Africa have been questioning the purpose of establishing a navy base, as Ethiopia is a landlocked state. Moreover, the expansion of the Gulf States' footprint in the Horn of Africa, and the possible consequences for peace and security in the region thereof, are also issues that have a wider impact on the region's maritime security in the long and short terms.

Apart from the pros and cons of the development of regional ports, Somaliland benefits from the development of the corridor in other ways. It generates economic leverage and political weight in the region since around 30% of Ethiopian import-export is expected to move through the territory of Somaliland according to Ethiopia's five-year growth and transformation plan published in 2010.⁴⁸ It is in the interest of Ethiopia to work closely with the Government of Somaliland to improve peace and security to safeguard the smooth flow of Ethiopian import-export activities. Besides, there will be social-economic integration between the two countries, since Ethiopian citizens will be coming to Berbera for import-export services and Somaliland transportation companies are carrying Ethiopian goods from the Port of Berbera to their final destinations in Ethiopia.⁴⁹ The corridor will foster social institutional services exchange across nations served.

One ought not to downplay the strong correlation between port politics and building military bases in the Horn of Africa.⁵⁰ The intensification of external maritime military rivalries within the Horn of Africa in recent years is indeed obvious and constitutes another critical challenge to the security of the region.⁵¹ In addition to the US and the European powers that have had a culture of overseas military bases in other parts of the world, China's arrival to the Horn of Africa and the establishment of its first-ever military base overseas deserves attention.⁵² However, China, the world's fastest-growing and second-largest economy is already a global contender to the US, the world's largest economy.⁵³ The arrival of China in the Horn of Africa is not only a threat to America's interest in Africa in general, but it also increases the vulnerability of regional states by bringing together politically, economically, and militarily contending powers. Contrary to the earlier argument, a military balance of forces between outside powers can be

⁴⁶ Demessie Fantaye (2014). *Regional Approaches to Maritime Security in the Horn of Africa*. Addis Ababa: Friedrich Ebert-Stiftung.

⁴⁷ Vertin, Zach (2019). *Toward a Red Sea Forum: The Gulf, the Horn of Africa, & Architecture for a New Regional Order*. Doha: Brookings Doha Center.

⁴⁸ Ibid, 33.

⁴⁹ Ibid., 14.

⁵⁰ Ibid, 44.

⁵¹ Melvin, Neil (2019). *The Foreign Military Presence in the Horn of Africa Region*. Stockholm: Stockholm International Peace Research Institute.

⁵² Chaziza, Mordechai (2018). *China's Military Base in Djibouti*. Israel: The Begin-Sadat Center for Strategic Studies.

⁵³ Swaine, Michael D. (2019). *A Relationship under Extreme Duress: U.S.-China Relations at a Crossroads*. Washington, DC: The Carter Center.

beneficial to peace and security, over an imbalance in which one, or a couple of powers, dominate and can impose their agenda.

Moreover, Turkey has recently established its first-ever military base overseas in Somalia, which has political and security implications for the region. It is a recognized fact that the reason behind the establishment of this military base in Somalia has two objectives: to maintain a Turkish⁵⁴ military presence in Somalia and to challenge the traditional backers of Somalia's government, in particular the Western countries which have been supporting Somalia in rebuilding and train its army, which disintegrated following the collapse of the state institutions in 1991.⁵⁵

Somaliland has been suspicious about the establishment of a Turkish military base in Mogadishu. In an effort to counter the Turkish strategy towards Somalia and its intention to build Somalia's military capability. In turn, Somaliland invited the UAE to establish a military base in Berbera, a strategic former Soviet and US military base on the Red Sea, for a total cost of \$90 million.⁵⁶ However, Somalia filed a complaint against the construction of a military base in Berbera to the UN Security Council. Somalia's ambassador to the UN argued that the military base undermines the unity, sovereignty, and territorial integrity of Somalia. Two years in a row, the Monitoring Group on Somalia and Eritrea has noted that the establishment of the military base in Berbera is a clear violation of the arms embargo imposed on Somalia. Therefore, a question that arises is why the UN Monitoring Group on Somalia and Eritrea did not make any mention of Turkey's violation of Somalia's arms embargo?

Not only has the establishment of the military base in Berbera impacted on Somaliland–Somalia relations, but Somalia's government has been denouncing the expansion and modernization of the port. Since the DP World engagement in Somaliland, it has been the center of the Somaliland and Somalia political dynamics, where Somalia has been claiming that any involvement in Berbera and Somaliland without the approval of Somalia's government is an act of aggression, in which Somaliland denounced repeatedly. Also, the 19% stake in Berbera by Ethiopia has been another point of contention where Somalia viewed this as a strategically threatening demonstration of growing closeness between Addis Ababa and Hargeisa.⁵⁷

CONCLUSION

The development of the Berbera Corridor constitutes a significant infrastructural project within the region that is likely to transform the regional economy and security status over time. However, the port's development will not only boost the economic interrelations among the regional states, but it is also important to remark at least three main factors that could have security implications for the entire region and need special attention and thorough analysis.

It is a reality that Somaliland is important and crucial in the region's security and stability. Its absence from ongoing debates among the regional states, however, will jeopardize the region's road to inclusive

⁵⁴ Asiedu, Michael (2017). *Turkey-Africa Relations: Spotlight on Somalia*. Istanbul: Global Political Trends Center, Istanbul Kültür University.

⁵⁵ Den Berg, Willem Van & Meester, Jos (2019). *Turkey in the Horn of Africa: Between the Ankara Consensus and the Gulf Crisis*. The Hague: Clingendael Institute.

⁵⁶ Vertin, Zach (2019). *Red Sea Rivalries: The Gulf, the Horn, & the New Geopolitics of the Red Sea*. Doha: Brookings Doha Center.

⁵⁷ International Crisis Group (2019). *Somalia–Somaliland: The Perils of Delaying New Talks*. Africa Report N° 280. Nairobi/Brussels: International Crisis Group.

economic integration and development in the long term. The second point to note is the maritime security where a landlocked state is building an off-territory navy for political and security reasons. And thirdly, establishing military bases along with the commercial ports in the region such as Berbera and Djibouti, where most world powers are stationed also poses both security and political threats to the entire region.

Nevertheless, Somaliland is largely dependent on the Port of Berbera, for its import-export activities, and it remains the main source of state's revenue which contributes significantly to coffers of the state. In this respect, the development of the Berbera corridor will provide economic benefits to both Somaliland and Ethiopia, as well as other neighboring communities in the wider Horn of Africa. The completion of this infrastructural development will create job opportunities for the unemployed youth of the Somaliland citizens, attract massive investment from the outside world, and also from the region which directly contributes to the security and stability in a region which has had a history of fragility and confrontation.