



BERBERA CORRIDOR

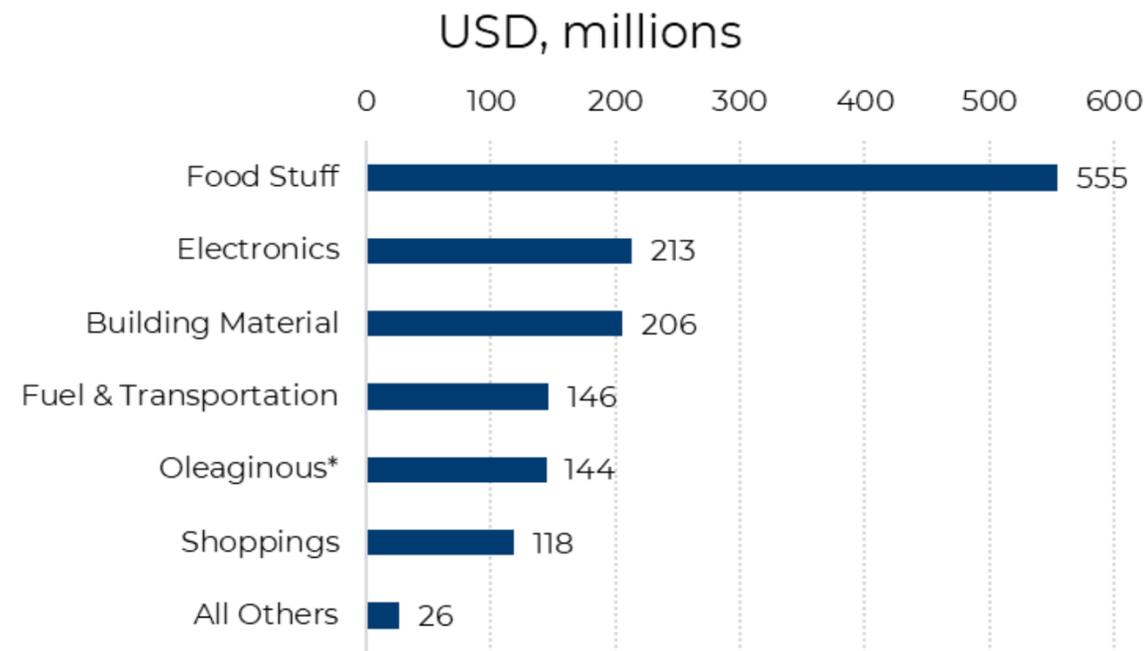
TECHNICAL BARRIERS TO TRADE



WHAT IS THE BERBERA CORRIDOR

- The Berbera Corridor is an ongoing project to connect the port of Berbera with Addis Ababa.
- The physical infrastructure developments within Somaliland include the Berbera Port and Special Economic Zone, the roads between Berbera and Tog-Wajaale, and the border point at Tog-Wajaale itself.
- Alongside the physical infrastructure, there is also a soft component of regulations, agreements, and service capacity that is necessary for a functional corridor.

Figure 3. Somaliland imports in 2022 by MoFD classification



Source: Trade Statistical 2022 Bulletin, MoFD

Note: Oleaginous includes qat, cigarettes, tobacco, and medicines.

SOMALILAND IMPORTS

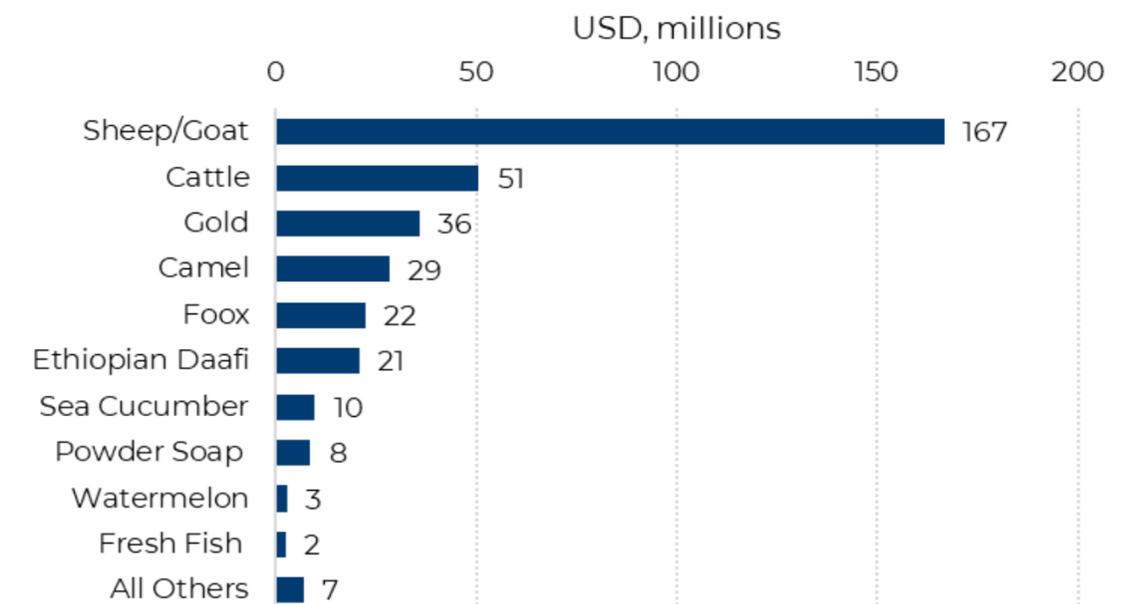
Food stuff was the largest import category in 2022, reflecting Somaliland's reliance on imports to support general consumption.



SOMALILAND EXPORTS

Livestock represented over two-thirds (69%) of total Somaliland exports in 2022. Other notable exports include gold, Foox (Frankincense), and Daafi.

Figure 4. Somaliland imports in 2022 by MoFD classification



Source: Trade Statistical 2022 Bulletin, MoFD

RATIONALE FOR THE BERBERA CORRIDOR

- Ethiopia, one of Africa's largest economies, has been landlocked since 1991 and by 2016, up to 95% of its trade passed through a single port: Djibouti.
- Ethiopia requires alternative channels to accommodate its increasing external trade volumes.
- For Somaliland, the development of the Berbera Corridor provides an opportunity to build its own trade capacity, and position itself as a trade and logistics hub for the region.



TECHNICAL BARRIERS TO TRADE

- ‘Technical’ barriers to trade refer to the legal requirements of trading countries, and the additional costs exporters face to meet them.
- It is closely associated with technical measures, quality control, and sanitary and phytosanitary (SPS) measures.
- For the Berbera Corridor to be efficient compared to neighbouring alternatives, standards between Somaliland and Ethiopia need to be aligned.



TECHNICAL BARRIERS TO TRADE



Quality control and standards

As trade becomes globalized, value chains are increasingly dependent on multilateral trade rules such as the WTO's agreements on Technical Barriers to Trade. As Somaliland positions itself within these value chains, it needs to have the quality infrastructure to conduct the necessary testing, inspection, and certification to conform to international standards.

TradeMark Africa has provided support to the Somaliland Quality Control Commission (SQCC) to ensure it has the capacity to meet these standards. The SQCC and the Ethiopian Conformity Assessment Enterprise have also harmonized 17 standards to ensure that Somaliland goods can be traded without exporters having to bear additional costs.



TECHNICAL BARRIERS TO TRADE



Customs

A modern trade corridor requires a modern customs system, with the capacity to handle large quantities of goods in transit. This means having a web-based automated customs management system, such as UNCTAD's ASYCUDA, and processes in place that adhere to the UN's International Merchandise Trade Statistics 2010, the WCO's Revised Kyoto Convention, and the WTO's Customs Valuation Agreement.

It is also necessary to have transit protocols in place that mean businesses exporting to Ethiopia via Somaliland do not have to pay additional tariffs at the point of entry in Somaliland. The Ministry of Finance Development has recently designed transit protocols that move closer to these international standards.



TECHNICAL BARRIERS TO TRADE



Transport and transit

An efficient corridor will also require harmonised transport standards between Somaliland and Ethiopia. There is currently no agreed Transport/Transit agreement, meaning that there are several barriers in place restricting transport between the two countries. No common insurance scheme means that drivers would have to incur additional costs, while not having agreements on truck registration or road/load regulations means that goods may have to unload and re-load at the Tog-Wajaale border point.

Work is ongoing to agree a transport and transit agreement with Ethiopia, which would allow trucks to travel between the port at Berbera and Addis Ababa without unnecessary restrictions.



TECHNICAL BARRIERS TO TRADE



Access to information

To take advantage of the opportunities provided by the Berbera Corridor, businesses in Somaliland and elsewhere require guidance and access to information on how to use the Corridor and navigate the new procedures.

A Trade Portal, that coordinates the efforts of all agencies involved in Somaliland external trade and provides a repository of documentation required for businesses to utilise the corridor, is one possible way to improve access to information for importers and exporters.



PHYSICAL INFRASTRUCTURE REQUIREMENTS

- In addition to these ‘technical’ barriers to trade, there are also some physical infrastructure needs along the corridor.
- These include some improvement to road infrastructure between Kalabaydh and the Hargeisa by-pass, a One-Stop Border Post, and potential bypass around Tog-Wajaale.
- Development of the road infrastructure is committed and should be completed in 2024, and TradeMark Africa will be conducting a feasibility study for the OSBP and Tog-Wajaale bypass.
- Despite this, the Berbera Corridor is functional and is ready to take on additional demand from Ethiopia.



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