



Regularly Irregular

*Varieties of informal
trading in the
Ethiopian - Somaliland
borderlands*

Mustafe M. Abdi

Regularly Irregular:

Varieties of informal trading in the Ethiopia-Somaliland borderlands

Mustafe M. Abdi
Rift Valley Institute

Cover image: A truck waiting to be checked at the Haaji Salah border post between Ethiopia and Puntland, April 2021. Credit: Mustafe M. Abdi.

Research assistance for this study was provided by Ikran Mahdi Elmi. I am indebted to Daniel K. Thompson, Tobias Hagmann and Hannah Stogdon for comments on earlier versions of this report.

This report is a product of the FCDO's Cross-Border Conflict Evidence, Policy and Trends (XCEPT) programme, funded by UK aid from the UK government. XCEPT brings together leading experts to examine conflict-affected borderlands, how conflicts connect across borders, and the factors that shape violent and peaceful behaviour. The programme carries out research to better understand the causes and impacts of conflict in border areas and their international dimensions. It supports more effective policymaking and development programming and builds the skills of local partners. The views expressed do not necessarily reflect the UK government's official policies.

The Rift Valley Institute works in Eastern and Central Africa to bring local knowledge to bear on social, political and economic development.

Copyright © Rift Valley Institute 2021. This work is published under a Creative Commons Attribution-NonCommercial-NoDerivatives License (CC BY-NC-ND 4.0)



Contents

Map: Ethiopia-Somaliland borderlands	4
Executive summary	5
Introduction	7
Cross-border trading in the Ethiopia-Somaliland borderlands	9
An integrated trade zone	10
Livestock exports	11
Turning points in trade politics and commodity flows	15
Multiplying customs points	15
A relaxed border regime	17
Governing micro-routes and bush trading in Misrak Gaashamo	18
Dabagorayaale and Haaji Saalah: 'Liyu police territory'	18
Duruqsi: a Somaliland governed border	22
Ballidhiig: trade governance in limbo	23
Conclusion	25
Bibliography	28

Map: Ethiopia-Somaliland borderlands



Base map data source: OpenStreetMap
 © MAPgrafix 2021

Executive summary

- In Somaliland and Ethiopia's Somali Regional State, small-scale informal trading far exceeds formal trade. However, most recent writing on trade in this region, which includes the Berbera trade and transport corridor, has disproportionately focused on formal trade thus, neglecting a key area of economic activity.
- As a corrective, this paper focuses on the Gaashamo corridor—a series of small border crossings between Ethiopia and Somaliland north of Gaashamo town—to analyze the everyday governance of four small trade routes. Their comparison provides valuable insights into cross-border trading and taxation, which often have little to do with federal and regional policies and laws.
- Trading along these micro-routes defies simplistic dichotomies of 'formal' versus 'informal'. Instead, there is considerable variation in the way in which government actors manage and tax cross-border trade, even from one border crossing to the other, making 'irregular' trading a regular occurrence.
- In principle, trade is regulated and managed by the federal government. But many of its legal requirements are out of tune with the borderland's socio-economic realities and thus incentivize regional and local administrations, as well as traders, to bend or ignore the law.
- Regional state trade policies and practices are particularly problematic. For example, the Somali Regional State's Special or Liyu police and district authorities collect taxes in some corridors and along some micro-routes, but not in others.
- The Liyu police effectively manages borders and trade even though this was not its original mandate. Trade policy formulated in Addis Ababa thus has very little to do with its implementation at local level. State actors, in particular the Liyu police, engage in practices that defy both federal and regional laws and policies.
- Zooming in on micro trading routes in the Gaashamo area of Somali Regional State, the paper describes three modes of governing small-scale informal cross-border trading: an 'ungoverned' route; a route governed by the Liyu or special police; and a 'co-governed' route where traditional authorities, the Liyu police, and revenue agents regulate commodity flows, taxation, and the mobility of persons across the Ethiopia-Somaliland border.

- Cross-border trading between Ethiopia's Somali Regional State and Somaliland is thus regularly irregular, pointing to the need to reform trade and customs policy and practices at federal, regional and local levels.

Introduction

Most studies of cross-border trade between Ethiopia and Somaliland have focused on the Berbera trade and transport corridor connecting Berbera sea-port with the Ethiopian hinterland.¹ Tog Wajaale is the main border crossing for formal trade in the Berbera corridor. Its importance has increased due to the construction of the Hargeysa bypass, as well as the dry port at Berbera port, which are both underway.²

However, this paper proposes a different view: it looks at so-called informal or irregular cross-border trading routes between Ethiopia's Somali Regional State and Somaliland. Although reliable figures on the volume of informal trade in the Ethiopian lowlands are lacking, it exceeds the volume of formal exports and imports by far.³ The analysis of small-scale informal cross-border trading in the Gaashamo corridor brings to the fore important commercial, social and political dynamics that are much less visible in the more formalized Tog Wajaale border crossing.

Most importantly, using the case of the Ethiopia-Somaliland borderlands, this paper highlights how distinctions between 'formal' versus 'informal' cross-border trading are misleading.⁴ Not only is there no dichotomy between the two, but informal cross-border trading takes on various forms and degrees of (in-)formality, which are poorly understood. In reality, a variety of 'formal' and 'informal' cross-border trading and taxation practices co-exist, often within close proximity.⁵ As this paper argues, the circulation and governance of goods thus varies quite a bit, even within the broad category of informal trading.

1 Finn Stepputat and Tobias Hagmann, 'Politics of circulation: The makings of the Berbera corridor in Somali East Africa', *Environment and Planning D* 37/5 (2019); Brendon Cannon and Ash Rossiter, 'Ethiopia, Berbera Port and the Shifting Balance of Power in the Horn of Africa', *Rising Powers Quarterly* 2/4 (2017); Ahmed M. Musa, 'From trust to oligopoly: institutional change in livestock trade in Somaliland after 1991', Danish Institute for International Studies, 2019: 8; Luca Ciabbari, 'Biographies of Roads, Biographies of Nations: history, territory and the road effect in post-conflict Somaliland', in *The Making of the African Road*, eds. Kurt Beck, Gabriel Klaeger and Michael Stasik (eds), Leiden & Boston: Brill, 2017.

2 Global Construction Review, 'Berbera–Ethiopia highway set to turn Somaliland into "major regional trading hub"', 1 March 2019, <https://www.globalconstructionreview.com/news/berberaethiopia-highway-set-turn-somaliland-major-/>

3 Asnake Kefale, 'Shoats and smart phones: cross-border trading in the Ethio-Somaliland corridor', Working Paper, Danish Institute for International Studies, 2019: 7.

4 Tezera Tazebew & Asnake Kefale, 'Governing the economy: rule and resistance in the Ethiopia-Somaliland borderlands', *Journal of Eastern African Studies* 15/1 (2021): 148.

5 For a recent example along the Ugandan-DRC border see Kristof Titeca, 'Informal Cross-Border Trade along the Uganda-DRC Border', United Nations Development Program (UNDP), 2020.

Both policy discourse and the academic literature distinguish between ‘formal’ (as in legal) versus ‘informal’ or ‘contraband’ cross-border trading.⁶ Not much consideration is given to the practicalities of ‘bush trading’, which takes place on what Dobler describes as the ‘green border’, i.e. informal low-scale cross-border trading that occurs on small roads and border crossing, to which governments pay little attention.⁷ This paper not only highlights the predominance of ‘irregular’ cross-border trading that deviates from official Ethiopian customs and trade policy, but it draws attention to varieties of ‘bush’ cross-border trading.

Zooming in on these small or micro trading routes in the Gaashamo area of Somali Regional State, the report describes three modes of governing small-scale informal cross-border trading. These are: an ‘ungoverned’ route; a route governed by the Liyu or special police; and a ‘co-governed’ route where traditional authorities, the Liyu police, and revenue agents regulate commodity flows, taxation, and the mobility of persons across the Ethiopia-Somaliland border.

A complex mix of factors, including weak state enforcement, infrastructure and geography account for this variation of ‘irregular’ cross-border trading in the Ethiopia-Somaliland borderlands. The discrepancy between federal Ethiopian customs policy and their implementation at the border is, however, not only a result of a deficit in state capacity. Rather, it is indicative of strong regional autonomy as the Somali Regional State administration pursues cross-border trading policies that defy national laws and priorities. This highlights the fact that different levels and branches of the state pursue different interests with regard to cross-border trading. While some are primarily concerned with security, others are more preoccupied with generating revenue or regulating a steady flow of mostly everyday consumer goods across the border.

The paper begins with a brief historical account of the political economy of cross-border trading between Ethiopia and northern Somalia—present day Somaliland—identifying some of its main features and key import and export commodities. The following section reviews some of the policy reforms that have shaped cross-border trading in recent years. The main section of this paper offers an analysis of four micro trade routes in the Gaashamo area. It highlights differences in how these small border crossings are governed, the actors involved in regulating and taxing trade flows, as well as the local political context affecting commodity trading and transport. The conclusion examines the existing gaps between federal, regional and local interests and practices with regard to cross-border trade between Somali Regional State and Somaliland.

6 J. Rasmussen & K. S. Varming, ‘Governing economies in areas of limited statehood: anthropological perspectives’, Working Paper, Danish Institute for International Studies, 2020, 4.

7 Gregor Dobler, ‘The Green, the Grey and the Blue: A Typology of Cross-Border Trade in Africa,’ *Journal of Modern African Studies* 54/1 (2016).

Cross-border trading in the Ethiopia-Somaliland borderlands

Cross-border trading between Ethiopia and Somaliland has a long historical precedent. Berbera port was built during the Ottoman empire and, later, upgraded by British colonialists who shipped livestock from the then Somaliland Protectorate to the coastal town of Aden in Yemen.⁸ Between the end of the nineteenth century and the mid-twentieth century, Ethiopian and British rulers competed over control of the Somali inhabited lowlands, including its main trading resources.⁹ During the British Military Administration's (BMA) rule of the Hawd and Reserved Areas (1944-1954), the British promoted trade links between Somaliland traders and Somali pastoralists on the Ethiopian side of the border.¹⁰

The maritime connection between Berbera and Aden boosted livestock exports from the Somali regions and the import of commodities. When Italian soldiers defeated the British in August 1940, they occupied British Somaliland as part of *Africa Orientale Italiana* and Ethiopia. Italian administrators realized the need to develop a trade corridor between the Somali territories, connecting the (formerly) British Somaliland to the Hawd and Ogadeen as well as to southern Somalia or Italian Somaliland.¹¹ They initiated the construction of the road connecting Hargeisa to Aware in today's Somali Regional State, reaching the border town of Ferfer via Wardheer. After the British recaptured Somaliland in 1941 they continued developing this road. Connecting Burco in today's Somaliland with the main livestock catchment areas in the Ogadeen, the road further intensified exchanges between the Ethiopian and British Somali regions. Trucks from Burco that travelled to remote parts of today's Somali Regional State, as well as to Southern Somalia, used to join the road at Wardheer, some 360 kms south of Burco via Gaashamo.

The Hargeysa-Ferfer road was a vital trade route that connected different Somali territories. In spite of the risk of occasional encounters with Ethiopian soldiers, it continued to be regularly used after Somali independence in 1960. Much of the territory along the road was effectively 'ungoverned' for most of its history and many local inhabitants

8 I. M. Lewis, *A Modern History of the Somali: Nation and State in the Horn of Africa*, Oxford: James Currey, 2002.

9 Daniel K. Thompson, 'Capital of the imperial borderlands: urbanism, markets, and power on the Ethiopia-British Somaliland boundary, ca. 1890–1935', *Journal of Eastern African Studies*, 14/3 (2020).

10 Cedric Barnes, 'The Ethiopian State and Its Somali Periphery Circa 1888–1948', PhD thesis, University of Cambridge, 2000.

11 Mattia C. Bertazzini, 'The Long-Term Impact of Italian Colonial Roads in the Horn Of Africa, 1935-2000', *Economic History Working Papers*, London School of Economics (LSE), 2018. (<http://eprints.lse.ac.uk/87074/1/WP272.pdf>)

didn't know where the international border was.¹² In recent years different sections of the road were rehabilitated by local communities, attracting funding from a broad range of sources, including the Ogadeen diaspora, the World Bank and Somali businesses such as Dahabshiil, the money transfer company, or livestock exporter Adan Ahmed Diriye. Today the road between Degehabur, Aware and the Somaliland border is being upgraded with contributions by the diaspora and the regional government. A major shift in trade routes occurred in the early 1970s when the tarmac road between Hargeisa and Mogadishu was completed. This road passed through Galkayo in central Somalia—today's Puntland and Galmudug regions. Yet in spite of this new route, most of the trading between Somaliland and the (former) Ogadeen continued to use the old route.

An integrated trade zone

Since the formation of Somaliland in 1991, the breakaway Republic maintained close economic and political relations with Ethiopia. This was particularly the case before the death of Somaliland's late president Mohamed Haaji Ibrahim Egal in 2002. Throughout the 1990s, a de facto integrated trade zone existed between Somaliland and the north-eastern parts of Ethiopia's Somali Regional State, reaching up to Hartasheikh.¹³ In this cross-border zone commodities were traded freely and trucks with Somaliland number plates were allowed to cross into parts of Somali region. This flourishing cross-border trade had its roots in the various refugee camps that were predominantly inhabited by Isaaq who had fled northern Somalia when the civil war broke out and who engaged in back-and-forth trading between Ethiopia and Somaliland.¹⁴ As they had easy access to, and relatives in, cities like Hargeisa, Berbera and Burco, refugees—and later on returnees—in the Hartasheikh, Camp Abokor, Rabaso and Daroor camps imported commodities from Berbera and exported livestock in return. This 'de facto ethnic Somali run special economic zone' came to a halt after 2002 when the Ethiopian government began to formalize and re-channel cross-border trade towards Tog Wajaale.¹⁵

Another shift in cross-border trading between Ethiopia and Somaliland occurred during the tenure of Abdi Mohamoud Omer, better known as 'Abdi Iley', as president of Somali Regional State between 2010 and 2018. Abdi 'Iley' sought to appropriate and control cross-border trade with Somaliland so that it benefitted his political loyalists, among them members of the Reer 'Abdille, Abaskul and Garre lineages but also cadres of the Tigray People's Liberation Front (TPLF) and others. In breach of federal trade policy and regulations he awarded informal trading and transport rights of particular commodities

12 I am indebted to Daniel K. Thompson for this observation.

13 For a firsthand account see Marc Michaelson, 'Border economics: "contraband" trade in Ethiopia's Somali region', Institute of Current World Affairs, August 1999.

14 Koenraad van Brabant, 'Bad Borders Make Bad Neighbours: The Political Economy of Relief and Rehabilitation in the Somali Region 5, Eastern Ethiopia', Relief and Rehabilitation Network Paper 4, Overseas Development Institute, 1994.

15 Stepputat and Hagmann, 'Politics of circulation', 803.

to his supporters. Concomitantly, the Liyu or special police¹⁶—a regional paramilitary security force whose creation he had overseen—but also the ‘anti-contraband’ militia of the regional Bureau of Trade, Transport and Industry hassled Isaaq and other small-scale traders involved in cross-border commodity trading from 2015. While the role that the Liyu police play in regulating cross-border trade has changed since 2015, it remains an important and highly visible government actor at the border.

Cross-border trading networks have long been sustained by historical inter-clan relations, including intermarriage, between the Isaaq, Ogadeen and Harti as well as other, relatively smaller pastoral clans on both sides of the border.¹⁷ Isaaq clan lineages dominate in Somaliland and along the Ethiopia-Somaliland border between Tog Wajaale and Ballidhiig, namely in Harshin,¹⁸ Daroor and Gaashamo districts as well as parts of Kebrybeyah and Aware districts.¹⁹ Most of the livestock they export is produced by Ogadeen and Harti pastoralists—both of which are part of the Darood clan family—who live in the Ethiopian hinterland.²⁰ Isaaq and Darood clan lineages are bound by historical trade and family relations, though conflicts between the two sporadically occur.²¹ Isaaq and Ogadeen traders who conduct business across the border have an interest in cooperative inter-communal relations and thus often mediate when clan conflicts between the two emerge. As Sheikh Mohamed Sheikh Ali Gaas, a prominent religious leader from Wardheer, pointed out in an interview, numerous conflict incidents pitting Isaaq and Ogadeen individuals and families have been settled by traders. In his words, the mediating businesspeople ‘were really meaningful traders who knew the negativity with which any inter-clan conflict could impact both on their trade as well as on their people’.²²

Livestock exports

Both Somali Regional State and Somaliland have a vibrant economic demand that sustains the export of livestock and import of commodities across their border. A huge

16 Mustafe A. Mohamed, and Tobias Hagmann, ‘Relations between Somali Regional State and Somaliland, 2010 - 2019’, Conflict Research Program, Research Memo, London School of Economics (LSE), 2020. (<https://www.lse.ac.uk/ideas/Assets/Documents/Conflict-Research-Programme/crp-memos/SRS-Memo-Feb-2020.pdf>)

17 Nisar Majid, ‘Livestock Trade in the Djibouti, Somali and Ethiopian Borderlands’, Africa Programme Seminar Report, *Chatham House*, 2010, 5-6. (<https://www.chathamhouse.org/sites/default/files/public/Research/Africa/191010summary.pdf>)

18 Other important cross-border trade routes between Somali Regional State and Somaliland pass through Ina-guuhaa, Qooldhuhulaale, Qoolbuulalle, Libahqawdhama, Higlada and Labi-sagaale. In Harshin district the main informal trade routes go through Balligubadleh, Balli Abbane, Gumar and Laanta Galloaan, all of them leading to Hargeisa.

19 The Gadabursi inhabited areas begin west of Tog’wajale while the Dhulbahante inhabited territory starts some 20 km east of Balli-dhiig.

20 Abdurehman Eid, *Jostling for Trade: The Politics of Livestock Marketing on the Ethiopia – Somaliland Border*, Brighton: Institute of Development Studies, 2014, 6.

21 J. Markakis, ‘The Ishaq-Ogaden dispute’, in *Ecology and politics: environmental stress and security in Africa*, eds. A. H. Ornäs and M. A. M. Salih, Uppsala: Scandinavian Institute of African Studies, 1989.

22 Interview with religious leader and elder, Jigjiga, 28 March 2021.

number of livestock are exported from Somali Regional State to Somaliland every day, much of which is re-exported via Berbera port.²³ According to Somaliland trade statistics, in 2020 alone the total value of export of sheep, goats, cattle and camels reached 170 million USD.²⁴ Most of this livestock originates from Ethiopia's Somali Regional State. Likewise, food-stuffs such as sugar, rice, cooking oils, spaghetti, wheat flour, canned fish, and biscuits are purchased in and imported from Somaliland, primarily from Burco and via the Gaashamo corridor.²⁵ Electronics, cosmetics, garments, construction materials, textiles, and pharmaceuticals²⁶ are imported from Hargeisa as well as from Tog Wajaale.²⁷

Table I: *Estimated daily livestock trade volumes along micro routes in the Gaashamo corridor*

MICRO TRADE ROUTE	Dabago- rayaale	Haaji Saalah	Duruqsi	Ballidhiig	Total
Trucks crossing border from both Ethiopia and Somaliland (all types of commodities)	7 – 11	8 – 10	14 – 17	7 – 10	36 – 48
Trucks carrying livestock exported from Ethiopia to Somaliland (average normal season)	9	9	15.5	8.5	42
Trucks carrying livestock exported from Ethiopia to Somaliland (1st month of Arrafo season)	13.5	13.5	23.25	12.75	63
Trucks carrying livestock exported from Ethiopia to Somaliland (2nd month of Arrafo season)	22.5	22.5	38.75	21.25	105
Trucks carrying livestock exported from Ethiopia to Somaliland (3rd month of Arrafo season)	27	27	46.5	25.5	126

Source: author's field notes

23 Abdi Umar and Ruth Tanner, 'Risk Taking for a Living: Trade and marketing in the Somali Region of Ethiopia', United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA), 2007 (<https://agris.fao.org/agris-search/search.do?recordID=XF2015029343>); Eid, *Jostling for Trade*.

24 Somaliland Ministry of Finance, 'Trade Statistical Bulletin 2020', University of Hargeysa, 2021. (<https://slmof.org/wp-content/uploads/2021/04/Annual-Trade-Statistical-Bulletin-2020-L.pdf>)

25 Kefale, 'Shoats and smart phones'.

26 Both Ethiopian federal and regional policy forbid the import of pharmaceuticals, yet these are regularly smuggled by hiding them among other imported commodities.

27 Tegegne Teka and Alemayehu Azeze, *Cross-Border Trade and Food Security in the Ethiopia-Djibouti and Ethiopia-Somali Borderlands*, Addis Ababa: Organisation for Social Science Research in Eastern and Southern Africa (OSSREA), 2002, 11.

Informal trade on the Ethiopia-Somaliland border manifests itself in significant volumes of commodities. For instance, on the four micro cross-border routes in the Gaashamo trade corridor alone, an average of 42 trucks per day carry livestock to Somaliland. A similar number of lorries with commodities imported from Somaliland, mostly from Burco and Hargeisa, cross to the Ethiopian side on any given day. Taking into consideration varying loading capacity, an average truck carries around 85 sheep and goats in an ordinary season, and up to 150 during the times of haj and arrafo,²⁸ when considerably larger quantities of livestock are exported (see tables 1 and 2).

Animal quality varies and traders distinguish between two main criteria.²⁹ Export quality livestock fetches higher prices and is locally known as *ahmin* for sheep and goats and *dammaan* for camel, cattle and sheep and goats. Lower quality sheep and goats sold in the markets are referred to as, Arabic for slaughter. The latter is also sold to buyers who want to restock their herds. Different qualities of shoats are exported in different seasons. The three months preceding the annual haj pilgrimage are the most lucrative both for livestock sellers and traders. Almost half of Ethiopia’s annual livestock exports to Somaliland occurs within these three months, which are referred to as the arrafo season.

Table II: **Overview of estimated trade volume increases during arrafo livestock export season in Gaashamo corridor**

COMMODITY	Estimated increase of volume	Explanations
Construction materials	3 fold (300 percent)	Pastoral households time the sale of male shoats to the main <i>arrafo</i> livestock export season to purchase construction materials for building projects in their localities.
Cosmetics	2 fold (200 percent)	This increase of cosmetics purchases reflects households’ increased cash flow/income in this time period.
Textiles	4 fold (400 percent)	Same as cosmetics.
Household utensils	3 fold (300 percent)	Demand for kitchen utensils raises as new households are established during or after weddings held in <i>arrafo</i> season.
Food stuffs	Half fold (50 percent)	Demand for imported food stuff increases primarily in dry season when milk availability decreases. Hence food imports increase to much lesser degree during <i>arrafo</i> season than other commodities.

Source: author’s field notes³⁰

28 Arrafo is from the Arabic ‘Arafah’ أرفح هوي, the second day of the Haji pilgrimage.

29 Livestock exported via the Berbera corridor include Somali Blackhead or fat-tailed sheep, goats, cattle and young camels. ‘Shoats’, meaning sheep and goats, dominate in both formal and informal exports from Ethiopia to Somaliland.

30 Based on conversations with district revenue officials.

While most of the export quality livestock is traded during *arrafo* the share of local quality livestock is higher during the rest of the year. Similarly, the volume of non-food items imported from Somaliland rises in the run-up to *haj* while the increase of food imports in the same season is only minimal (see table 2). Camel exports from Somali Regional State to Burco is also significant, but difficult to estimate given that camels are trekked on bush routes, not on micro-routes along main roads. As goats and sheep are trucked, they rely on road transport or on what Dobler describes as ‘gray’ routes.³¹

31 Dobler, ‘The Green, the Grey and the Blue’.

Turning points in trade politics and commodity flows

Since 2002 the Ethiopian Revenue and Customs Authority (ERCA)—responsible for collecting customs duties and domestic taxes—has sought to expand its presence in the Ethiopia-Somali borderlands.³² This marked a return to what Ciabbari describes as a ‘centralistic tradition of the government’ as the Ethiopian government pushed back on the free trading in and around Hartasheikh and no longer tolerated trucks with Somaliland number plates in its territory.³³ As a result, much of the trading moved to Tog Wajaale and Ethiopian customs authority and security forces cracked down on and began to confiscate ‘informal’ commodity imports, which it designated as ‘contraband’.³⁴ Consequently Tog Wajaale became the main formal border crossing between Ethiopia and Somaliland, as well as an important distribution center for goods imported to Ethiopia—many of which are brought directly from Berbera port in containers.³⁵ The Tog Wajaale route remains a major conduit for contraband, but Ethiopian authorities tolerate smaller volumes of contraband compared to earlier.

Multiplying customs points

Before 2010 Somali Regional State had only two official customs offices in Jigjiga and Kebrybeyah respectively. In 2010 the federal government established new customs points in Tog Wajaale, Harshin, Hartasheikh, Daroor and Gaashamo, close to the Somaliland border, in a push to formalize cross-border trading and to encourage traders to use formal channels.³⁶ At the same time, the government issued a directive that allows for the *franco valuta*—allowing traders to import goods without having to pay foreign exchange to the National Bank of Ethiopia—and duty-free importation of selected food items.

Three traders in each of the Somali Regional State’s administrative zones who were licensed by the Federal Ministry of Trade and Industry obtained the right to import rice, spaghetti, macaroni, sugar, cooking oil and wheat flour. Small-scale cross-border trade by borderland traders living in the vicinity of the border was legalized in small amounts.³⁷

32 For a review of the main laws and administrative bodies governing cross-border trade in Ethiopia see Habtamu Hailemeskel, Jemal Mohammed, Ashenafi Negash and Mulugeta Getu, ‘Policy research on cross-border trade: challenges and prospects’, Conference Paper, Proceeding of HUM-PRIME researches, May 2016.

33 Ciabbari, ‘Biographies of Roads’, 133.

34 Umar and Tanner, ‘Risk taking for a living’, 18.

35 Kefale, ‘Shoats and smart phones’, 15.

36 Hailemeskel et al, ‘Policy research on cross-border trade’.

37 For a summary of the evolution of Ethiopian trade policy in its Somali Regional State see Kefale, ‘Shoats and smart phones’, 31-33.

Yet neither of these reforms was able to curb ‘contraband’ and informal trading in the Ethiopia-Somaliland borderlands. Instead, informal trading routes shifted significantly from one locality to another in response to changing political circumstances in the past two decades (roughly between 2002 and 2018). ERCA’s policy failure can be attributed to the long border and its limited enforcement capabilities. Moreover, frequently changing regional authorities were not always cooperating with ERCA as the federal and regional governments pursued different agendas with regard to cross-border trading.³⁸

During research in Gaashamo, the ERCA customs point was not functional, only its warehouse—where confiscated property is stored—was guarded by watchmen. Local informants in Gaashamo reported that ERCA had attempted to regulate informal trading in the area, but that this had proven impossible given the long border between Gaashamo and Somaliland. The wide-open terrain is not favourable for customs inspections because traders can easily evade customs authorities by driving on another route. The same is the case with the customs point in neighbouring Darroor, which is better staffed, but plays a marginal role in regulating cross-border trade as it faces similar challenges to those experienced by the customs offices in Gaashamo, Harshin and Hartasheikh. These four customs posts are extensions of the main customs checkpoint in Jigjiga run by ERCA and were established during the reign of former regional president Abdi ‘Iley’.

Between 1994 to 2002, when Hartasheikh based trading flourished and Somaliland trucks were allowed to circulate freely within Somali Regional State, livestock trading through Hartasheikh and Tog Wajaale was more profitable—a consequence of the ERCA’s *laissez faire* customs policy. During this period, a more restrictive border regime was in place further eastward in the surroundings of Harshin, Darroor, and Gaashamo, where ERCA officials intervened more frequently, at times confiscating ‘contraband’ goods. Since the closure of Hartasheikh’s informal corridor by ERCA in 2002, which happened while regional president Abdirashid Dulane Raafle was in power, cross-border trading controls eased along the eastern part of the border—including in the Gaashamo area—while they were tightened along the western parts. As a result, Tog Wajaale and Hartasheikh based traders, particularly those trading camel and oxen, sought to obtain a letter of credit (LC) to legalize their exports.³⁹ Yet even some of the traders who resorted to more formal LCs to for livestock exports via Tog Wajaale continued to be involved in informal cross-border trading. They did so either by bribing the finance police, which worked for ERCA, along the more regulated Tog Wajaale route or by purchasing livestock from less regulated markets in the eastern parts of Somali Regional State.

38 Subsequent presidents of Somali Regional State facilitated trade flows in a manner that benefitted their clan relatives most. Hence particular cross-border localities either saw an increase or decrease of trade flows depending on their genealogical affiliation with regional rulers.

39 Traders using LCs need to deposit USD into an Ethiopian bank account in the amount of the animals exported to Somaliland. Ethiopian banks use the official exchange rate for USD/ETB, which is disadvantageous for traders. Moreover, most livestock importers in the Arab Gulf prefer doing business on credit. Kefale, ‘Shoats and smart phones’, 28.

A relaxed border regime

The 2012 completion of the asphalt road that connects Jijjiga and Gode was among the most significant infrastructure projects implemented in Somali region. It had a positive effect on livestock and commodity flows and increased the volume of trucked—as opposed to trekked—goods. Before 2018, during Abdi 'Iley's' reign, large-scale contraband trading in the Tog Wajaale corridor had come to a near stand-still.⁴⁰ Only licensed traders who were on good terms with the regional administration were able to move goods. However, a more relaxed border regime persisted in the Gaashamo area where informal trading continued. This holds particularly true for the time period after the June 2016 massacre by Liyu policemen in Jama-Dhubad, a village in Gaashamo district.⁴¹ As a result, trucks headed towards Aware and Degehabur used border crossings in the Gaashamo area, even though this route was more costly. There are different interpretations as to why the then regional administration permitted a more relaxed customs policy in the Gaashamo area between 2016 and 2018. According to some, this was a move to ease clan tensions between the Ogaadeen and Isaaq, which had peaked after the Jama-Dhubad massacre. Others opined that this policy favored Abdi 'Iley's' economic interests, since his home-town Marsin—to the south of Gaashamo district—relies on the same trade route. Most of these trade restrictions were abolished with the ouster of the former regional president in August 2018 and the establishment of a new regional administration.⁴²

In addition to changing customs policies, new technologies have shaped cross-border trading and transporting in the Ethiopia-Somaliland borderlands. As telecommunication networks expanded on both sides of the border, traders' use of mobile money platforms expanded. Moreover, mobile phone applications such as Messenger or WhatsApp become increasingly popular. Improved internet access allowed traders to make money transfers more easily and to obtain timely information on market prices.

Women have long been engaged in cross-border trading and their share of this trade has increased over time as men faced greater risks of being arrested by the Liyu Police during the reign of Abdi 'Iley'. Easier travel modalities and the possibility of staying in touch with family members via mobile phones during journeys across the border have also made it easier for mothers to engage in cross-border trading.

40 Small-scale smuggling, in particular by women who visited Tog Wajaale market on a daily basis to purchase goods, which they then sold in Ethiopia, continued.

41 *Human Rights Watch*, 'No justice in Somali region killings: paramilitary force killed 21, detained dozens, in June 2016', 5 April 2017 (<https://www.hrw.org/news/2017/04/06/ethiopia-no-justice-somali-region-killings>)

42 Mohamed and Hagmann, 'Relations between Somali Regional State and Somaliland'.

Governing micro-routes and bush trading in Misrak Gaashamo

Gaashamo, which is also known as Misrak Gaashamo—or eastern Gaashamo in Amharic—is the administrative center of Gaashamo district, located some 50 km from the Somaliland border. This rural town is situated some 380 km east of the Somali Regional State’s capital Jigjiga, and 160 km south of Burco in Somaliland and a similar distance to Wardheer (see map). Most of Gaashamo’s inhabitants are pastoralists and livestock rearing and export are their main livelihoods. When asked about the importance of livestock trading for Gaashamo, a local elder shared a popular saying, which was coined in the 1940s in the context of World War II and the global power competition that had engulfed the Ethiopia-Somaliland borderlands. He cited his forefathers as saying: ‘You know why all these violent conflicts between world powers exist? It is because of our black-headed ram that they are fighting for’.⁴³ This saying illustrates the fact that local pastoralists have a long history of producing livestock for the world market.

The bulk of livestock exported to Somaliland comes from Gaashamo’s neighbouring zones Wardheer and Qorahay, in particular Marsin, Dannot, Wardheer, Shilabo, Galladi and eastern Qabridaheh districts.⁴⁴ Hence only a fraction of the livestock traded in and through Gaashamo is raised locally. Gaashamo’s importance as a transit route is explained by its strategic location between these vast livestock catchment areas to the south and Burco, a main livestock market in Somaliland, to the north. While most livestock is exported to Burco, some is destined for Hargeisa, depending on price differences, local demand and cash availability in these two terminal markets.

There are four micro-routes that lead across the border to Somaliland, which together form the ‘Gaashamo corridor’. They are the towns Dabagorayaale, Haaji Saalah, Duruqsi and Ballidhiig from west to east respectively, spanning a distance of some 150 km. In addition, a number of less significant border crossings exist in the area. These four micro-routes are the most relevant in the Gaashamo corridor in terms of the volumes of livestock and commodities traded. Their comparison provides valuable insights into the existing governance of cross-border trading in the Ethiopia-Somaliland borderlands.

Dabagorayaale and Haaji Saalah: ‘Liyu police territory’

The micro-route passing through Dabagorayaale facilitates the transit of goods to and from Hargeisa and Buroa since it is located at the far northwestern edge of Gaashamo,

⁴³ Interview with elder, Gaashamo town, 7 March 2021.

⁴⁴ The western part of Qabridaheh zone maintains close commercial links with Hargeisa.

approximately equidistant from the two Somaliland towns. The other three micro-routes are mainly used to transport goods to and from Burco. Dabagorayaale is one of the oldest settlements on the border, but it is smaller than Haaji Saalah, Duruqsi and Ballidhiig. The town's population decreased after many of its inhabitants fled during conflict between local insurgents and the Ethiopian army in the early 1960s. It grew again in size after the fall of the Derg in 1991 when some of its former residents returned.⁴⁵

On average, seven to eleven trucks pass Dabagorayaale every day, transporting livestock and animal products such as ghee or skins to Somaliland. A similar number of trucks cross into the Ethiopian side each day, carrying food stuffs, electronics, construction materials, cosmetics, and a variety of household commodities from Somaliland (see table 2). No agent from the district's revenue office is present at the border crossing at Dabagorayaale. Instead, Liyu police officers manage the checkpoint in Dabagorayaale and ask drivers to pay a fee. Both livestock exports and commodities imported are subject to taxation by the district revenue agent at Dobagugud, a village lying some 40 km south of Dabagorayaale. Yet even these fees collected by the district are 'informal' as they lack a legal mandate to tax the import or export of commodities done with LoCs. Districts are only allowed to tax domestic trade in the form of a small garbage fee (*xaqal xashish*) of approximately 500 ETB per truck.

The Liyu police has had a camp in Dabagorayaale since 2015, when it used to check all trade movements in the area. However, their involvement in trade governance changed over time. During Abdi 'Iley's' presidency and in particular between 2014 and 2018, drivers had to call the local Liyu police's intelligence officer⁴⁶ before their departure from Burco or Hargeisa to obtain permission before moving their goods into Somali Regional State. Moreover, they had to register all the commodities they carried and provide a list of passengers and their travel destinations to the Liyu police. Upon filing all this information with the Liyu police, the officer in charge would typically 'order' some items for his personal use, which drivers would purchase at their point of departure. Since the fall of Abdi 'Iley' the Liyu police requirements of a pre-travel phone call notice and documentation of goods and passengers were abandoned. Instead, the Liyu police began asking drivers for money in what amounts to an informal—and illegal—tax on imported commodities. A driver who had used this route for a long time stopped using it because of the arbitrary treatment by Liyu policemen. He explained:

You have to pay them up to 50 USD if the truck has a capacity of 12 tons or more, no matter what you carry. Usually, they don't obstruct the flow of livestock to

45 Interview with elder from Darroor district who was born in Dabagorayaale and was displaced when the Ethiopian army destroyed the town in the early 1960s; interview with local elder, Jigjiga, 30 March 2021.

46 Locally referred to as *marajaa* or investigator in Amharic.

Somaliland. But they restrict the importation of goods to Ethiopia unless they are paid. They are the only state that exists there. They have the power to keep you there for a whole day.⁴⁷

When asked why he hadn't reported the Liyu police to the district authorities, he responded: 'Oh! Which district? They only know how to collect money. I sometimes ask myself in which territory we are—maybe in Liyu police territory?'⁴⁸

Several informants confirmed the Liyu police's informal fiscal practice in Dabagorayaale. When trucks pass their checkpoint, the militia ask the driver to unload all commodities for security inspection. This intervention is then used for bargaining a fee as drivers seek a shortcut to what amounts to a tedious unloading procedure. To avoid losing several hours unloading and reloading their goods, drivers pay some 50 to 70 USD to the Liyu police so that they can continue their journey. The greater hurry a driver is in, the higher the price he will have to pay. Not having to offload all goods also protects them from possible damage, which drivers seek to avoid. Drivers typically pay this fee out of their own pocket and are then reimbursed by the owners of the goods they transport. Several years ago, a district revenue agent from Dobagudud relocated to the Dabagorayaale border crossing in an effort to tax trade that bypassed Dobagudud. But he soon found out that he was unable to levy a fee from drivers as the latter negotiated payments with the Liyu police.

Some drivers manage to establish good working relations with particular Liyu police officers. These personal connections smooth transactions at the checkpoint and make payments to officers more predictable. Passengers riding along also influence interactions with the Liyu police. For instance, if a nursing mother is in the vehicle then waiting for several hours at the Dabagorayaale checkpoint is not an option. This forces the driver, who is responsible for the wellbeing of his passengers, to bribe the Liyu police so that travel can be resumed. Local observers pointed out that the Dabagorayaale route had particular value for the Liyu police as it transports a lot of electronics from Hargeisa into Somali Regional State.⁴⁹ One informant elaborated:

More than half of trucks using this route are from Hargeisa. And the Liyu police knows that and this is why they require unloading all commodities (...) to enter a cycle of bargaining with the drivers.⁵⁰

47 Interview with driver, Gaashamo, 7 March 2021.

48 Interview with driver, Gaashamo, 7 March 2021.

49 Electronics are cheaper in Hargeysa than in Burao due to the capital's proximity to Berbera port. High taxes on the formal import of electronics to Ethiopia motivate 'contraband' imports of electronics. Kefale, 'Shoats and smart phones', 38.

50 Interview with trader, Dabagorayaale, 16 March 2021,

Because many trucks do not pass through Gaashamo's district seat, where they could complain to officials about Liyu Police, but instead proceed to remote destinations in Somali Regional State, this gives the Liyu Police more leeway to seek bribes.

Given the district administration's role in collecting revenues, it is reasonable to ask why the Liyu police is the only government actor which (illegally) taxes goods along the Dabagorayaale micro-route. Several interlocutors criticized Gaashamo's current district administration for its inaction, describing its officials as *ku fadhiistayaal* or 'those who simply sit on chairs'.⁵¹ They saw parallels with the early 2000s when a strongman headed the district administration and trade was governed in similar ways, with the district authority taxing trade. This points to the fact that personalised relations and *modus vivendi* influence the everyday governance of cross-border trade in Somali Regional State more than legal frameworks.

Haaji Saalah is another small town on the Ethiopia-Somaliland border, some 55 km north of Gaashamo town, with an estimated population of 1500. On the Ethiopian side of Haaji Saalah most inhabitants are internally displaced persons, whereas the more flourishing Somaliland side of the town is about five times bigger than the Ethiopian side. No Ethiopian district revenue agent is present in town. From Haji Saalah, drivers can either move to Adan Manyare, a village in Gaashamo district some 30 km southwest of Haaji Saalah where most trucks using this micro-route are taxed, or they drive directly to Gaashamo town.

A Liyu police unit is stationed at the entrance of the Ethiopian side of Haaji Salaah. The Liyu police check trucks coming from both directions, primarily for security reasons. But they do not charge any fees on the traded goods. Respondents were reluctant to provide information about how they perceived the role of the Liyu police in Haaji Salaah. This reflected the fact that many local inhabitants were hesitant to discuss the Liyu police openly as they still had memories of the many atrocities committed by this special security force before Abdi 'Iley's' fall in 2018.

With the Liyu police in control of the border crossing, local administrators play no discernible role in governing cross-border trade in Haaji Salaah. The *kebele* administration's limited impact was further illustrated by the fact that its officials were unable to settle a recent conflict in the locality. Instead, the Liyu police appeared to be in charge of governing most political issues in Haaji Salaah. The town and area are far from Gaashamo's main administrative center and outside of Ethio Telecom's coverage. With the exception of a poorly manned and equipped health post, the district administration provides no public services in the town. As a result, its children attend school on the Somaliland side of Haaji Salaah.

⁵¹ Conversations with former local official, Gaashamo, 6 March 2021.

Duruqsi: a Somaliland governed border

Duruqsi is to the east of Haaji Salaah, some 50 km north of Gaashamo town. It is the busiest of the four micro trade routes in the Gaashamo area and, during the research period, 14 to 17 trucks passed it every day from each sides. Duruqsi straddles the Ethiopia-Somaliland border, but the actual boundary is invisible. One of the town's main roads lies on the border but is not recognizable as a boundary. There is no checkpoint between the Ethiopian and the Somaliland parts of the town, nor at the southern (Ethiopian) entrance of Duruqsi.

A *kebele* official reported that the town used to have a checkpoint, which the local administration run voluntarily. But the checkpoint was abandoned in early 2020 as the militia manning it were not paid by the district. The Somaliland side of Haaji Salaah has district status and thus obtains financial support and development projects from the government. The Ethiopian side of Haaji Salaah mostly depends on the market on the other side of the border. Its inhabitants also rely on the health centre, schools, and even the police station on the Somaliland side. The Somaliland police cooperates with the nearest Liyu police unit, which is stationed in Halhalis, a rural town, which lies some 25 km south of Duruqsi and is within Ethio Telecom's coverage. Duruqsi's residents make use of Somaliland's communication networks.

There is no taxation or revenue collection within Duruqsi. All trucks that cross this route pass unchecked, no matter in which direction they are going.⁵² The closest revenue agent is based in Halhalis, which effectively functions as a border checkpoint as Liyu policemen perform security checks on passing trucks. According to informants, trucks with goods imported from Somaliland are taxed between 150 and 200 USD in Halhalis, while trucks exporting livestock from Ethiopia are taxed between 80 and 120 USD. Between 2016 and 2017 the levies applied were considerably higher, reaching up to 250 USD for imported commodities and up to 170 USD for livestock trucks going to Somaliland.⁵³ No taxes are imposed on traders on the Somaliland side of Duruqsi, but local officials collect a district development fee of between 10 to 30 USD per passing truck.⁵⁴

Somaliland constructed a 35m concrete road that crosses the dry river bed, separating the town from the Ethiopian side at its entrance from Gaashamo. This was a significant development for the town given the neglect of its infrastructure by the Gaashamo district administration. During research the municipal garbage truck from the Somaliland side passed by and its driver jokingly remarked to a Ethiopian local official:

52 Locals are familiar with most trucks passing through Duruqsi as well as their destinations and were thus able to provide estimates related to commodities and volumes moving along this micro trade route.

53 According to a regional parliamentarian and former member of the revenue committee this rate varies along the border. In areas where cross-border points compete with each other, local revenue agents may decide to apply lower tax rates to attract more cross-border traffic.

54 On the district development fees collected along major trade routes in Somaliland and Puntland see Ahmed M. Musa, *City at the margins: Lasanod's trade politics between Somaliland and Puntland*, London/Nairobi: Rift Valley Institute, forthcoming.

“Hey, you claim that you are a strong government. But you just wait for us to dispose your garbage” to which the administrator responded “Look how we are marginalized by our government!”⁵⁵

Elders told us that among the biggest challenges faced by Duruqsi town is a huge field of land mines, which the Somali military had planted in the early 1980s. When asked whether any mine related casualties had occurred, and whether the district or regional level authorities had been asked to demine the site, one of the elders working on behalf of the local administration confirmed:

‘Oh yes, it killed two sisters just eight months ago and a boy was wounded two years ago’. He said ‘Look! I have been here for more than 50 years and the only thing I have ever seen coming from our Ethiopian authorities was a soldier with his rifle and intimidations’.⁵⁶

These quotes illustrate the degree to which Duruqsi relies on Somaliland for service delivery, including trade governance.

Ballidhiig: trade governance in limbo

Ballidhiig is the most eastern micro trade route in the Gaashamo corridor. It is located some 80 km northeast of Gaashamo. The Ethiopian side of this border town is not very developed and, like Duruqsi, has fewer inhabitants than its Somaliland side. The latter is a district town and enjoys better facilities, public services and a vibrant business sector. A Liyu police unit, as well as a Gaashamo district revenue agent, are based in Ballidhiig.

The Liyu police neither restricts the cross-border flow of goods as it does in Dabagorayaale, nor does it perform security checks like in Haaji Saalah. Instead, Liyu policemen limit their interventions to checking the identity of traders and drivers crossing the border. Passengers without an Ethiopian ID card are stopped by the Liyu police. This is not the case in Gaashamo’s other micro trade routes and border crossing with a Liyu police presence where the latter rarely scrutinize passengers’ identity documents. This measure had been in place for over seven months when research was carried out in Ballidhiig in March 2021.

These enhanced identity checks interrupted the flow of goods as most passengers who brought goods from Burco to Ethiopia were not aware of the requirement of carrying travel documents with them when crossing the border in Ballidhiig. Those who did not have the proper identity documents had to rely on local elders who, in exchange for a bribe to the Liyu police, facilitate their entry.

⁵⁵ Interview with local official, Duruqsi, 5 March 2021.

⁵⁶ Interview with local elder, Duruqsi, 5 March, 2021.

A local elder explained the Liyu police's particular concern with verifying traders' and passengers' identity as a temporary measure motivated by security concerns.

Ballidhiig has sometimes been used by Al-Shabaab members transiting between Somaliland and southern Somalia who avoided travelling via Galkayo. This [Ballidhiig] was a relatively safe route for them for some time.

It is not clear how potential Al-Shabaab recruits can be detected with an identity check. In 2014 the Liyu police crossed into the Somaliland side of Ballidhiig and occupied it two days. They arrested a number of residents, who they accused of belonging to Al Shabaab, and burnt the Somaliland flag.

Some elders in Ballidhiig accuse the Liyu police of taking part in a violent clash between the Habar Jeclo and the neighbouring Dhulbahante clan in 2012. According to their account, the Somali Regional State's paramilitary supported the Dhulbahante during fighting over the control of Kalshaale locality, which is on the Somaliland side of the border in vicinity to Ballidhiig. Because of these incidents of conflict, relations between the local population and the Liyu police remain strained. This might explain why the latter refrains from taxing cross-border trade, which would only further aggravate the local Habar Jeclo. Instead, the Liyu police opts for extensive identity checks, which still allows them to collect some bribes from travelers who lack the required identity documents.

Seven to ten trucks cross the border at Ballidhiig each day from both the Ethiopian and Somaliland side. A district revenue agent used to tax the trucks crossing the border until early 2021. Taxation was halted by a dispute about power-sharing and political representation in Gaashamo district. The Habr Jeclo clan inhabiting the Ballidhiig area had lobbied for more representation at district level. When their demands were not met, they withdrew their three representatives from the district cabinet and stopped taxing cross-border trade in Ballidhiig as a bargaining chip. The resignation of these officials resulted in the dissolution of the entire Gaashamo district executive and brought the case to the attention of the Somali Regional State government. Elders from both major Isaaq clan families living in Gaashamo, the numerically stronger Habar Yoonis⁵⁷ who had about 80 per cent of the district cabinet posts, and the Habar Jeclo, who dominate in Ballidhiig, were busy renegotiating power sharing among themselves at district level. During the visit to Ballidhiig most officials were thus absent or idle and the ruling Prosperity Party official was the only de facto government person operating in town.

⁵⁷ Habar Yonis clan lineages dominate in Dabagorayaale, Haaji Saalah and Duruqsi.

Conclusion

Much of the literature and debate about cross-border trading in the Horn of Africa, and Africa more broadly, focuses on the supposed difference between ‘formal’ and ‘informal’ trading. But, as this analysis of trading along micro routes in the Gaashamo corridor has highlighted, cross-border trading defies such simplistic dichotomies.⁵⁸ In reality, the governance of livestock exports to Somaliland, and commodity imports to Ethiopia is, as the title of this paper suggests, regularly irregular. There is considerable variation in the way in which state actors manage and tax cross-border trade even from one border crossing to the other, making ‘irregular’ trading a regular occurrence. Consequently, irregularity in cross-border trading is not primarily the result of informality or of disobeying formal state laws. Instead, it is very much the logical consequence of incoherent policies by state actors.⁵⁹ In other words, local people and traders have to adopt and adapt informal ways of moving commodities, of crossing the border, of making a living, because formal trade and customs rules are not practical, not to their advantage and often inaccessible.

This paper has drawn attention to the diversity of border trade regulation practices and different negotiated settlements that exist between traders, local authorities, regional officials and even federal agents in and across the Ethiopia-Somaliland borderlands. The governance of micro-trade routes in the Gaashamo trade corridor illustrates the degree to which border trade remains highly differentiated, reflecting a host of factors including infrastructural, social and market contexts. Localized negotiated settlements between traders and government officials enable some predictability for traders, even if the rules applied have little or nothing to do with federal or regional trade and customs policy. This observation is in line with Thompson’s argument that cross-border sites and checkpoints become the sites where traders and local officials contest over, collaborate and compromise on traded goods, which leads to unequal enforcement.⁶⁰

As this paper has shown, cross-border trade practices differ from one border crossing or checkpoint to the other. But even though this is the case ‘irregularity’—both in terms of variation of trade border practices and in terms of how these practices deviate from

58 This confirms Asnake Kefale’s observation about the ‘difficulty of a clear distinction between ‘licit/legal’ and ‘illicit/illegal’ trading’ in the Ethiopia-Somaliland borderlands. See Kefale, ‘Shoats and smart phones’, 50.

59 A case in point is the petty periphery trade initiative, which the federal government devised in an attempt to formalize small-scale cross-border trade, but which remains largely unimplemented. Its basic idea is that small traders allow permission to export a limited number of livestock to Somaliland and in return ‘are required to bring in equally valued commodities (of any kind), which will be taxed at the customs office’. See Eid, ‘Jostling for Trade’, 10. See also Forum for Social Studies Ethiopia, ‘Options for Ethiopia’s Cross Border Trade and Corridor Development’, Policy Brief No. 36, December 2018, 2-3. (<https://www.fssethiopia.org/index.php/download/options-for-ethiopias-cross-border-trade-and-corridors-development/>)

60 Daniel K. Thompson, ‘Respatializing federalism in the Horn’s borderlands: from contraband control to transnational governmentality’, *Journal of Borderland Studies*, 14, forthcoming.

official norms—have a certain ‘regularity’. This is important for traders and local livelihoods given that Somalis in the border area rely heavily on imported foodstuffs and consumer materials from neighbouring Somaliland and the Somali territories more broadly. Regular patterns of informality in cross-border trading and taxation built on a compromise between traders and state agents, allowing for the continuous flow of goods across the border. In many ways it is a rational response to the highly restrictive nature of federal customs and taxation policy, in particular its exorbitant import taxes, which often are over 100 percent of the price of imported goods.

Confusing and incoherent policies that shape the way in which cross-border trade is governed and taxed in Somali Regional State gives local actors elbow room and agency. While contraband trading certainly is, and has been prominent,⁶¹ many state actors, in particular the Liyu police, engage in informal and illegal practices that defy both federal and regional laws and policies. Liyu policemen often pretend to search trucks for ‘contraband’ or ‘weapons’, but in the process intentionally damage goods in order to extract informal payments from traders.⁶²

It is not only local traders who have to navigate the gap between impractical official rules and practical imperatives to make a living along the Ethiopia-Somaliland border. Regional authorities have used federal policies to their advantage as well. During the reign of former regional president Abdi ‘Iley’ diaspora investors connected to his presidency benefitted from tax exemptions while major traders enjoyed privileged access to an exclusive letter of credit or *franco valuta* licence for importing.⁶³ Because ‘official’ trade is widely perceived as corrupt and personalized, informal and irregular trade as it is practiced in the Gaashamo corridor and many parts of the Somali Regional State has a lot of local legitimacy.

The gap between federal and regional trade policy needs to be highlighted. Successive administrations of the Somali Regional State have resisted federal trade and customs policy and regulations. De facto regional autonomy in trade matters has also affected inter-regional trade in Ethiopia. For example, following the September 2017 massacre of Somali khat traders in Awaday as part of the Somali-Oromo conflict,⁶⁴ Abdi ‘Iley’ banned the transport and trading of ‘Oromo’ products—including *khat*—across the Somali region.⁶⁵ His administration established a new border crossing for commodities between Oromia and Somali Regional States at a town called Bombas in East Hararghe, some 70 km west of the regional capital Jigjiga. Somali *khat* traders had to travel to

61 Already at the end of the twentieth century Jigjiga had become the ‘capital of Ethiopia’s contraband’. See Thompson, ‘Capital of the imperial borderlands,’ 547.

62 I am indebted to Daniel K. Thompson for this observation.

63 Thompson, ‘Respatializing federalism in the Horn’s borderlands’.

64 ‘What is behind clashes in Ethiopia’s Oromia and Somali regions?’, BBC, 18 September 2017. (<https://www.bbc.co.uk/news/world-africa-41278618>)

65 Similarly, Oromia officials confiscated *khat* from informal traders riding buses bound for Somali Region.

Bombas to purchase *khat* from Oromo traders. As a result, the Oromo-Somali regional boundary had become—in defiance of existing Ethiopian law—a de facto trade barrier.

There is a need to rethink Ethiopian trade policy and its implementation in the Somali inhabited lowlands and beyond. While the protection of its domestic market by high tariffs on imported goods—in an effort to substitute imports through locally produced goods—have motivated federal customs policy so far, it has been unable to regularize cross-border trading on the ground. Taking into account local economic needs as well as broader trading dynamics in the Somali territories is unavoidable if cross-border trading is to prosper on the basis of less irregular practices by regional and local officials as well as traders themselves.

Bibliography

- Barnes, Cedric. 'The Ethiopian State and Its Somali Periphery Circa 1888–1948'. PhD thesis, University of Cambridge, 2000.
- Bertazzini, Mattia C. 'The Long-Term Impact of Italian Colonial Roads in the Horn Of Africa, 1935-2000'. Economic History Working Papers, London School of Economics (LSE), 2018.
- Brabant Koenraad van. 'Bad Borders Make Bad Neighbours: The Political Economy of Relief and Rehabilitation in the Somali Region 5, Eastern Ethiopia.' Relief and Rehabilitation Network Paper 4, Overseas Development Institute, 1994.
- Cannon, Brendon and Ash Rossiter. 'Ethiopia, Berbera Port and the Shifting Balance of Power in the Horn of Africa'. *Rising Powers Quarterly* 2/4 (2017): 7-29.
- Ciabarri, Luca. 'Biographies of Roads, Biographies of Nations: history, territory and the road effect in post-conflict Somaliland'. In *The Making of the African Road* edited by Kurt Beck, Gabriel Klaeger and Michael Stasik, 116-140. Leiden & Boston: Brill, 2017.
- Dobler, Gregor. "The Green, the Grey and the Blue: A Typology of Cross-Border Trade in Africa." *Journal of Modern African Studies* 54/1 (2016): 145–169.
- Eid, Abdurehman. *Jostling for Trade: The Politics of Livestock Marketing on the Ethiopia – Somaliland Border*. Brighton: Institute of Development Studies.
- Forum for Social Studies Ethiopia. 'Options for Ethiopia's Cross Border Trade and Corridor Development'. Policy Brief No. 36, December 2018.
- Hailemeskel, Habtamu, Jemal Mohammed, Ashenafi Negash and Mulugeta Getu. 'Policy research on cross-border trade: challenges and prospects'. Conference Paper, Proceeding of HU-PRIME Researches, May 2016.
- Kefale, Asnake. 'Shoats and smart phones: cross-border trading in the Ethio-Somaliland corridor'. Working Paper, Danish Institute for International Studies (DISS), 2019.
- Majid, Nisar. 'Livestock Trade in the Djibouti, Somali and Ethiopian Borderlands'. Africa Programme Seminar Report, *Chatham House*, 2010. (<https://www.chatham-house.org/sites/default/files/public/Research/Africa/191010summary.pdf>)
- Markakis, John. 'The Ishaq-Ogaden dispute'. In *Ecology and politics: environmental stress and security in Africa* edited by A. H. Ornäs and M. A. M. Salih, 157-168. Uppsala: Scandinavian Institute of African Studies, 1989.
- Michaelson, Marc. 'Border economics: "contraband" trade in Ethiopia's Somali region'. Institute of Current World Affairs, August 1999.

- Mohamed, Mustafe A. and Tobias Hagmann. 'Relations between Somali Regional State and Somaliland, 2010 - 2019'. Conflict Research Program, Research Memo, London School of Economics (LSE), 2020. (<https://www.lse.ac.uk/ideas/Assets/Documents/Conflict-Research-Programme/crp-memos/SRS-Memo-Feb-2020.pdf>)
- Musa, Ahmed M. *City at the margins: Lasanod's trade politics between Somaliland and Puntland*. London/Nairobi: Rift Valley Institute. Forthcoming.
- Musa, Ahmed M. 'From trust to oligopoly: institutional change in livestock trade in Somaliland after 1991'. Danish Institute for International Studies, 2019.
- Lewis, I. M. *A Modern History of the Somali: Nation and State in the Horn of Africa*. Oxford: James Currey, 2002.
- Rasmussen, J. & K. S. Varming. 'Governing economies in areas of limited statehood: anthropological perspectives'. Working Paper, Danish Institute for International Studies, 2019.
- Somaliland Ministry of Finance. 'Trade Statistical Bulletin 2020', University of Hargeysa, 2021. (<https://slmof.org/wp-content/uploads/2021/04/Annual-Trade-Statistical-Bulletin-2020-L.pdf>)
- Stepputat, Finn and Tobias Hagmann. 'Politics of circulation: The makings of the Berbera corridor in Somali East Africa'. *Environment and Planning D* 37/5 (2019): 794–813.
- Tegegne Teka and Alemayehu Azeze. *Cross-Border Trade and Food Security in the Ethiopia-Djibouti and Ethiopia-Somali Borderlands*. Addis Ababa: Organisation for Social Science Research in Eastern and Southern Africa, 2002.
- Tezera Tazebew & Asnake Kefale. 'Governing the economy: rule and resistance in the Ethiopia-Somaliland borderlands'. *Journal of Eastern African Studies* 15/1 (2021): 147-167.
- Thompson, Daniel K. 'Respatializing federalism in the Horn's borderlands: from contraband control to transnational governmentality'. *Journal of Borderland Studies*. Forthcoming.
- . 'Capital of the imperial borderlands: urbanism, markets, and power on the Ethiopia-British Somaliland boundary, ca. 1890–1935'. *Journal of Eastern African Studies*, 14:3 (2020): 529-552.
- Titeca, Kristof. 'Informal Cross-Border Trade along the Uganda-DRC Border'. Borderland Policy Briefing Series No. 2, United Nations Development Program (UNDP), 2020.
- Umar Abdi and Ruth Tanner. 'Risk Taking for a Living: Trade and marketing in the Somali Region of Ethiopia'. United Nations Office for the Coordination of Humanitarian Affairs (UNOCHA), 2007 (<https://agris.fao.org/agris-search/search.do?recordID=XF2015029343>).

In Somaliland and Ethiopia's Somali Regional State, small-scale informal trading far exceeds formal trade. However, most recent writing on trade in this region has disproportionately focused on formal trade thus neglecting a key area of economic activity. In contrast, *Regularly Irregular: Varieties of informal trading in the Ethiopia-Somaliland borderlands*, focuses on the Gaashamo corridor—a series of small border crossings between Ethiopia and Somaliland—to analyze the everyday governance of four small trade routes. Their comparison provides valuable insights into cross-border trading and taxation, which often have little to do with federal and regional policies and laws.

This report is a product of the FCDO's Cross-Border Conflict Evidence, Policy and Trends (XCEPT) programme, funded by UK aid from the UK government.

