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SOMALIA

AND THE NEW FAULT LINES IN THE HORN AND GULF



Executive summary

Somalia is entering a phase of heightened regional instability driven by four intersecting pressures on the Red Sea and Horn. Israel has recognized Somaliland formally, setting a precedent that is at odds with Somalia's territorial integrity and elevates the diplomatic and strategic standing of the northern corridor.

Second, Somalia has annulled agreements it entered into with the United Arab Emirates (UAE) on the grounds of violation of sovereignty, a move that highlights the gulf between federal political signaling and the level of enforceability of subnational obligations.

Third, increasingly conflicting interests between Saudi Arabia and the UAE over Yemen and the broader region are driving competition for influence in the Horn, and raising the danger Somalia will serve as a stage for external conflict, rather than a beneficiary of standing relationship.

Fourth, Somalia is confronting an increasingly difficult humanitarian and development financing landscape. In early January 2026, the United States suspended assistance benefiting Somalia's federal government following allegations related to the demolition of a World Food Programme warehouse in Mogadishu and other activities related to U.S.-funded food aid. This adds to previous cuts in American assistance and the USAID wind-down and also raises Somalia's vulnerability at a time when humanitarian crisis is escalating. According to the 2026 Somalia Humanitarian Needs and Response Plan by the UN, an estimated 4.8 million people across the country are expected to require humanitarian assistance, with more than 4 million facing crisis or worse outcomes. Less U.S. assistance will therefore probably entrench Somalia's entanglement with other outside donors, especially Turkey and the Gulf states, for humanitarian aid and local aid.

All these pressures are playing out as Somalia heads into a high-stakes political transition in 2026, which will see the end of the current presidential term and unresolved differences over the electoral pathway. In an environment where strict neutrality is costly, selective alignment over the long term is risky in view of the volatility of Gulf coalitions and shifting regional partnerships.

Somalia's most likely stance is adaptive balancing: reconciling between conflicting interests (or countries with disparate claims); protecting sovereignty through disciplined diplomacy, supporting humanitarian and development infrastructure; and managing vulnerabilities through a strengthened internal partnership on external agreements and political processes.

Context: what changed and why it matters now

Three events combined into late 2025 and early 2026 to reshape the Horn and Gulf political map concerning Somalia.

- Israel recognized Somaliland on 26 December 2025, first of the UN Member States to do so.
- In an earlier action on 12 January 2026 Somalia's government announced its intention to completely annul any UAE agreements, including port agreements, as well as defense and security cooperation.
- Somaliland, Puntland and Jubbaland publicly rejected Mogadishu's decision on 13 January 2026, and stated the relationship with the UAE would continue.

In Somalia, it's not just external pressure that is the central risk but also the way rivalries integrate into internal political geopolitics. The powers of the federal government may be made through federal decisions, but enforcement in territories with commercial concessions and security partnerships embedded in regional subnational authorities is uneven. This divide between the public pronouncement of the federal government on the one hand and the private subnational enactment of federal rules on the other is the space where external actors gain leverage and where internal cohesion is tested.

Key Indicators

Israel's recognition and the precedent question

Israel's acknowledgment of Somaliland is a major diplomatic shift. It breaks with the long tradition in which Somaliland retained de facto autonomy without formal recognition by UN member states. Even if no other recognition comes immediately, the precedent alone increases the bargaining value of Somaliland in regional diplomatic contexts and expands the strategic scope and significance of the northern corridor, including Berbera, in security and commercial ties in a tightening Red Sea regime.

Somalia-UAE ruling in January 2026

Somalia's annulment of UAE agreements in January 2026 is best thought of as a sovereignty move and also as a test of leverage. It is a sovereignty response because Mogadishu sees any moves taken to make Somaliland's diplomatic case stronger as an existential threat. It is something of a competitive tug of war because the UAE's grip on Somalia is not on the ground as an instrument of the federal government. It stretches through port concessions and ties to lower government officials.

Confirmation of the defense pact of 2023

Early in 2023, Somalia and the UAE formally reestablished defence relations. The UAE state news agency announced Somalia and the UAE signed a military and security cooperation agreement on combating terrorism on 4 January 2023. This point is crucial as a sign that the current rupture is not simply a continuation of the 2018 fallout. It shows one period rebuild followed by another where relations were very much altered, once again supporting the argument that relations in the Gulf can turn on a dime and Somalia's strategy needs to be constructed based on a dynamic approach.

Concessions to the Port and the lack of enforceability

Long term port concessions in Bosaso and Berbera anchor the UAE's commercial impact. Bosaso port in Puntland has been connected to a 30-year concession granted in 2017 and Berbera in Somaliland has also been linked to a long DP World arrangement, typically given over 30 years. This is the crux of the enforceability question: The federal government's pronouncements on annulment might have a strong political valence, but the capacity to undo well-entrenched commercial arrangements in territories administered by subnational powers is limited. It may explain why regional authorities were able to publicly contradict Mogadishu's choice and state they will keep engaging with the UAE.

The enforceability question: signal versus implementation

Somalia's renegeing on agreements with the UAE is politically important but will have concrete effects depending on its area. Diplomatic actions (such as expulsions or downgrades) can be implemented relatively expediently because they are enforced by means of federal institutions and border checks. In the subnational setting, where deals are made under the supervision of subnational governments, where external firms have established operational footprints, and where security situations determine what federal authorities may address most, the government faces greater challenges to cancellations of contracts or modifications to commercial concessions. There is also information as a restraint to enforceability. The Berbera and Bosaso concessions have not been widely released in full, and key financial and legal provisions are usually considered as confidential in port concession agreements. With such circumstances, the federal government may not have the necessary understanding of the liabilities, termination agreements, stabilization agreements, dispute resolution methods, or compensation formulas that would be impacted by an attempted annulment. This is relevant because many long-horizon infrastructure concessions (especially in Africa) are agreed through negotiations that subject the host side to significant exit costs via international arbitration exposure, damages for lost earnings in the future, and interest accrual.

The Doraleh Container Terminal dispute in Djibouti is an instructive cautionary parallel: Djibouti ended DP World's concession and took over the terminal in 2018, leading to significant monetary awards for DP World through arbitration and court proceedings,

including awards in the hundreds of millions of dollars and other sums associated with lost fees and counterclaims. For international partners, the critical fact is that Somalia's sovereignty disputes are being resolved on two fronts at the same time: federal messaging and subnational realities.

Where the lines do not cohere, external actors can retain clout through regional means, even if Mogadishu is in the doldrums. This dynamic is one of the clearest lessons of the crisis in 2017 and is a central vulnerability today.

Ethiopia: the swing player along the northern corridor

Ethiopia's January 2024 MoU with Somaliland sent a signal that Addis Ababa was willing to test Somalia's red lines of sovereignty to gain sea access. Somalia rejected the agreement, and the federal government eventually sought to nullify it through legislation. However, it's important not to view it as dead although the MoU has not been made public at the magnitude foreseen upon its announcement. It is better conceived as shelved than as thrown away. Ethiopia still has clear incentives. It is landlocked and desires a variety of sea access. It is also running in a place where ports are not only commercial but strategic assets.

Somaliland continues marketing Berbera as a corridor and Israel's recognition has increased the diplomatic visibility of Somaliland. Ethiopia's relationship patterns add another layer. Addis Ababa has long-term relations with Israel, and it has also established close partnerships with Gulf actors, including Abu Dhabi. At the same time, Ethiopia has traditionally been wary of making clear, unambiguous public statements on Somaliland recognition in a manner that would reassure Mogadishu. This has given Ethiopia room to change its posture, depending on both regional winds and Somali domestic politics.

Assessment

Ethiopia is likely to be cautious while paying attention to the political balance. If Addis Ababa decides Mogadishu is weakened by an election dispute, continuing pressure from the Gulf or growing divisions within it, it may find it easier to deepen its engagement with Somaliland while allowing its relations with the federal government to fray. In the case that Somalia shows signs of coherence and a strengthened international support on its side, Ethiopia might weigh restraint as less expensive.

Somalia's 2026 political calendar: the threat of externalization

Somalia faces an electoral inflection point in 2026. The road to one person, one vote is still one of contention, public contention between the federal government and opposition persists. The Mogadishu local vote was held amid opposition boycotts and credibility-related debates but hailed by international media as the first direct election in decades.

Somali opposition coalitions rejected the process as not being free or fair. Because these disputes matter, as they create the possibility that external competition, particularly in the Gulf, will be mapped onto Somali political contestation. In Somali politics, external partners are often thought to be partial, or even pro-bias. This policy brief treats claims about specific external sponsorship of named candidates as a risk pathway rather than a verified fact, because strong public evidence is limited. What is clearer is that Gulf alignments are shifting and that Saudi–UAE competition is becoming more visible in the wider region. Somalia, positioned on the Red Sea corridor and sitting on strategic ports, is a natural arena for this competition.

How the fault lines might evolve through 2026

This is a review of possible paths in the next six to twelve months, considering the incentive and constraint layout as it stands.

Scenario 1: Controlled containment

Somalia is holding its line on sovereignty and not stepping up tensions. It depends on understated diplomacy with Gulf partners, Western partners and regional players to avert new recognition opportunities and to keep practical cooperation where possible. Relationship with the UAE remains strained, but influence remains on indirect level by regional corridors. Ethiopia keeps the Somaliland MoU in reserve (as it does not initiate action) to avoid further isolation elsewhere in the region.

Scenario 2: Competitive escalations through ports and regional circuits

External players develop stronger links with Somali Federal Member States through investment, security cooperation, and access agreements. Berbera's strategic profile rises with Israel's recognition and recognition debates start to resurface over access and security arrangements. Mogadishu reacts with stronger denunciations and attempts to tighten federal rules, but enforcement varies. Regional authorities keep wanting their own partnerships, which only increases centre–periphery friction.

Scenario 3: Election fuels widening of fault lines

Should the 2026 election trajectory become contested or stalled, domestic polarisation will only exacerbate fault lines elsewhere. External partners may want to secure equities via a more intimate touch with relevant regional leaders or political circles. Ethiopia may consider reevaluating the costs of shelving the Somaliland MoU if it perceives a weakening of Mogadishu's position. In this framework Somalia would be placed at risk of having its internal contestation and external leverage complement each other.

Conclusion

In 2026, Somalia is facing a converging range of external and internal pressures both domestic and external which will transform its strategic context. Recognition politics has returned to the Horn in a more direct manner since Israel's Somaliland ruling, and the Somalia-UAE breach has revealed the boundaries of federal enforceability when important commercial and security relationships are transacted through subnational governments. Meanwhile, Saudi-UAE divergence in Yemen and the wider region is also driving competition among states in Somalia (and all regions) as competition across the Red Sea corridor intensifies, increasing the risk of Somalia as one arena rather than a beneficiary of stable partners. These global stresses have now been enhanced by a tighter aid market amid the U.S. cutback of direct benefits to the federal sector from the suspension of financial assistance, escalating Somalia's dependence on Turkey and Gulf allies at a time when domestic politics are also on the cusp of a contested transition cycle.

The cumulative impact is to constrain Somalia's space for bad diplomacy and increase the need for a coherent, flexible balance that protects national sovereignty, helps maintain vital aid flows and reduces internal fragmentation.

Policy options for the people of Somalia and with international allies

- i) **Make Ethiopia a priority diplomacy track:** Mogadishu must continue high level engagement with Addis Ababa at levels focused on de-escalation and alternatives for access to the sea that do not cross red lines of national sovereignty. International partners can support this by promoting regional deconfliction and by facilitating technical flows of trade and corridor access that limit the incentives for sovereignty testing.
- ii) **Fill the federal coordination gap:** Somalia should bolster the role of the Finance Governance Committee (FGC) and adequately follow through its recommendations. The FGC has been documenting concessions and contracts but largely focused on the Federal Government. Given these emerging challenges, the FGC should escalate its reporting and disclosure to the FMS levels.
- iii) **Set up for election period external pressure:** Somalia and partners must anticipate that the 2026 electoral season brings with it the possibility that external actors may have greater prospects to mobilize political interests in political outcomes or relations with sub-states or strengthen ties with subnational authorities. Set up an early warning and messaging cell that identifies recognition narratives, external engagement with regions, and risks of disinformation. Any credible domestic electoral compromise would curb external leverage.

- iv) **Spread security partners and avoid dependence risk:** Somalia should map which capabilities are susceptible to any one external partner, including training, logistics, and support for specific units. Partners should establish redundancy so political differences with one actor do not lead to security vacuums.
- v) **Maintain a disciplined approach to messaging based on contested claims:** If allegations cannot be proved and be subject to documentary evidence, Somalia must focus on verifiable actions and legal principles. Staying on a disciplined line on sovereignty and territorial integrity has greater credibility with international partners and the potential to dampen escalation by rhetoric.

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