

Understanding ECOWAS Trade Policy and Trade Facilitation

*Advancing economic integration one
hurdle at a time*

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This background paper is part of a series on the Political Economy Dynamics of Regional Organisations (PEDRO). It was prepared in March 2017. In line with ECDPM's mission to inform and facilitate EU-Africa policy dialogue, and financed by the Federal Ministry for Economic Cooperation and Development, BMZ, the studies analyse key policy areas of seventeen regional organisations in Sub-Saharan Africa. In doing so they address three broad questions: What is the political traction of the organisations around different policy areas? What are the key member state interests in the regional agenda? What are the areas with most future traction for regional organisations to promote cooperation and integration around specific areas? The studies aim to advance thinking on how regional policies play out in practice, and ways to promote politically feasible and adaptive approaches to regional cooperation and integration. Further information can be found at www.ecdpm.org/pedro.

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1. Introduction

This study presents a brief political economy overview of ECOWAS and its role in promoting trade integration in the region, particularly through the Economic Trade Liberalisation Scheme (ETLS) and Common External tariff (CET) schemes.

The rationale¹ behind regional trade integration is that small states need to get together to build and integrate their economies, to provide larger markets to attract domestic or foreign investment, encourage economies of scale, and have more political and economic weight in trade negotiations. The objective is ultimately to integrate within the global economy where regional integration is generally seen as an intermediate but necessary step (e.g. [Weigert, 2016](#)).

Trade is part of the DNA of ECOWAS and is a key part of its 1975 founding treaty. This sets out the purpose as being to 'accelerate and sustain economic development of their member states and the creation of a homogenous society, leading to the unity of the countries of West Africa, by the elimination of all types of obstacle to the free movement of goods, capital and persons'. Trade facilitation is therefore also a key part of the regional trade agenda.

This report aims therefore at building knowledge around trade and trade facilitation measures in the ECOWAS region. It does not aim to evaluate progress, but rather highlight some of the key factors and actors that influence and shape how the regional organisation plays its role in supporting and promoting trade integration in the region. This report will therefore look at trade facilitation and two of the trade schemes introduced by the ECOWAS Commission, namely the ETLS and CET.

It addresses the following questions: What is the political traction of ECOWAS in driving or steering the regional energy agenda? What are the interests of member states in using ECOWAS to address trade-related challenges? Which are the specific areas or sectors with most potential future traction for ECOWAS to focus in continuing to address trade and trade facilitation at a regional level?

The study is based on secondary data/information collected from desk research and interviews with key actors from the public, civil and private sectors in Abuja, Nigeria.

2. Assessing the political traction of ECOWAS trade policies

This chapter assesses the political traction of the trade agenda in ECOWAS. It does so by identifying and describing some of the institutional evolutions, and the political economy drivers and obstacles that drive the broad trade agenda of the ECOWAS, and affect what gets implemented and what not.

2.1. Structural and foundational factors

The origins of ECOWAS trade integration

ECOWAS was established by the Treaty of Lagos in 1975, representing the 'outgrowth of movement for West African self-reliance' ([Goodridge, 2006:33](#)). Its origins lie in the reaction of the countries in the region to their former colonial power following independence. For such a political movement to be effective, it needed to be supported by a strong economic project. Additionally, due to the small size of most West African states, only a regional approach would provide an economically viable path.

¹ See more information at <https://www.iaj.org.za/wp-content/uploads/2011/08/sadc - guidebook for regional integration11.pdf>.

The Treaty of Lagos (1975) set out several provisions aiming at creating an ECOWAS Free Trade Area (FTA); Customs Union; Common market and Economic and monetary Union (ECOWAS, 2008). It is inspired by the EU regional integration model, and the same linear logic of progression from trade to customs and common market. While the first two steps are about trade integration, the last step goes further by including a 'political' integration ([Aka-Anghi, 2014](#)). In practice, however, it was only after the revision of the ECOWAS treaty in 1993 that steps were taken towards the implementation of these ambitions (Endacacid, 2012).

Economic integration through ECOWAS was heavily pushed for by Nigeria, which aimed to promote its own development and industrialisation. The idea was to use ECOWAS to facilitate its access to a captive market in West Africa for its finished products as well as raw materials to feed its 'booming' industries (WACSI, 2011). However, Nigeria's interest in ECOWAS also had a strong cultural component, as it reflected a willingness to counterbalance France's influence on the francophone states, themselves already somewhat integrated through UEMOA ([Hartmann, 2013](#); see below).

A region of historical and cultural diversion

While structural factors in the ECOWAS region can be seen to underpin regional exchange and integration, this is not always the case. The range of agro-climatic zones offer some potential for market exchange of agricultural produce. But the variety of economic, geographic, climate, cultures, historic and linguistic differences also affect institutions and interest. The most notable cleavage in West Africa relates to its colonial past, leaving strong social, economic and institutional marks: the region is divided between francophone (7), anglophone (6) and lusophone countries (2).

The historical legacies of these countries translate into various institutional differences, the most important of which is arguably the existence of the Union Economique et Monétaire Ouest Africaine (UEMOA) for francophone West Africa (see below). Other differences relate to member states' legal systems (common law for the anglophone countries vs. civil law for francophone states); and the different monetary system, with the UEMOA currency previously linked to the French Franc and today to the Euro currency and backed by the French Treasury.

The continuing links between former colonies and their colonial powers also vary: the francophone states maintain close economic and political links with France and vice versa ('Francafrique'); anglophone and lusophone states have a more loose relationship with their former colonial powers. These institutional, economic, social and monetary factors are fundamental to some of the power dynamics at play with trade and trade facilitation issues, for example, when the francophone states come together and speak with one voice during ECOWAS summits. This may, in turn, hinder the leverage and political traction of the ECOWAS in the field of trade.

All these geographic, historical and economic factors influence and shape the ability of ECOWAS to reconcile country interests and priorities, undermining its political traction among its members. This is reflected in the non-payment by some member states of their annual contributions to the ECOWAS budget. Nigeria momentarily stopped paying the organisation altogether (approximately 50% of the ECOWAS budget), because their interests were not satisfied with the decisions taken. In addition, the general lack of trust and transparency between countries makes the task of ECOWAS even more delicate. This is arguably less the case for the relations among UEMOA member states where the disparities among states are far smaller.

Sector specific characteristics: trade and trade facilitation

As in many African regions, the ECOWAS countries are characterised by a lack of trade complementarities. Similar economic structures in the large majority of member states – based on the export of primary products and the import of manufactured goods - result in low levels of intra-

ECOWAS trade but also reduces the incentive for countries to implement regional commitments.² As pointed out by Bossuyt (2016), weaker and more protected economies fear the economic bulldozer power of the more solid economies (Nigeria, Ivory Coast, Ghana). This in turn weakens the political traction of the ECOWAS, as it would represent an incentive for states to approach trade issues from a national rather than regional perspective.

Beyond these structural factors, trade is highly dependent on the context in which it takes place. ECOWAS trade is impeded by severe political instability. Fueled by climate change, lack of social inclusion and systemic poverty³, terrorist organisations such as Boko Haram are spreading in the region, leading to major attacks during the recent years in Mali and Nigeria ([Lapegna, 2016](#)).

With regard to trade facilitation, regional transport is of key concern. The transport system in the ECOWAS region is largely based on obsolete colonial era transport infrastructure, which was developed with a view to facilitate the extraction and export of raw materials out of the sub region ([FAO, 2015](#)). The road transport sector has thus been described as higher priced, less efficient, and less reliable than transport in other regions of Africa and the world (USAID, 2012). In fact the average cost to transport a container within west Africa is US\$2.43 per kilometre, which is 1.5 and 2.2 times the freight rates applied in South Africa and the United States. For landlocked countries transport costs represent on average 45% of the value of imports and 35% of exports, in comparison to global averages of 5.4% (of imports) and 8.8% (of exports) ([Viljoen, 2016](#)). This creates disincentives for ECOWAS Member States to trade regionally, and impedes the political traction of ECOWAS in promoting the ETLs and CET implementation.

While hard infrastructures matter, it is equally important to look at soft infrastructures and especially the transport market structures. The West African transport sector is characterised by a high degree of informality. This opaque environment has several negative consequences, such as higher transaction costs, significant incentives for corruption and low quality of service (Saana, 2016a, p. 10). Nonetheless, it is also a source of income for a wide range of actors. For example, intermediary traders have often become powerful players with close links to the political elite. The dynamics between actors, interests, market mechanisms, political institutions, informal practices and social factors are highly context-specific and make reform of the transport sector a major challenge (Saana, 2016a).

2.2 Agenda and implementation challenges

ECOWAS agenda on trade

The main tool of the ECOWAS FTA is the Economic Trade Liberalisation Scheme (ETLS) aimed at liberalising trade within the ECOWAS region. This aims to address the ECOWAS treaty objectives to a) *eliminate between member states customs duties and other charges of equivalent effect on imports and exports; and b) eliminate quantitative and administrative restrictions on trade among members* (Treaty of Lagos, 1975). This was adopted by ECOWAS in 1983 and entered into force in 1990 with the strong support of Ghana and Nigeria, who both aimed to export their industrial products in the region and foster their bilateral trade.⁴ It aims at removing internal tariffs on unprocessed goods and handicraft products (expanded to industrial products in 1990). However, for industrial and artisanal

² Agricultural products are excluded from this rule: as agro-climatic conditions vary significantly among ECOWAS countries, there are strong complementarities in agricultural production, resulting in sizeable agricultural trade flows between coastal countries and the countries from the Sahel and the Sahelo-Sudanian zone as well as between coastal areas and sahelian areas within countries.

³ See more info at <https://www.theguardian.com/environment/earth-insight/2014/may/09/behind-rise-nigeria-boko-haram-climate-disaster-peak-oil-depletion>.

⁴ They can only do this if Togo and Benin also agree on the ETLs, so that goods from Nigeria to Ghana (or vice-versa) can circulate efficiently.

manufactured goods, as well as for agricultural products, livestock, mining and fishery, the ETLS holds strict Rules of Origin, favouring local production (GIZ, 2012). Although it was not accompanied by a monitoring and evaluation mechanism, it provided a compensation mechanism right at the outset to offset some of the tariff revenue losses member states would face.

The ETLS was meant to be implemented progressively over a ten-year-period, with a zero rate of duty and tariff in all member states by December 2000 ([Barry & Sane, 2010](#)). In practice, however, the implementation of the ETLS was rather disappointing, as recognised also by the ECOWAS Commission (NANTS, 2013). Implementation also strongly depended on the availability of facilitating measures: the above described compensation mechanism strongly benefited ETLS implementation, but when the mechanism stopped, the ETLS progress stagnated. The ECOWAS, in its efforts to overcome this situation, initiates the National Approval Committee (NAC). Through this mechanism, the approval for ETLS products is not made at the regional but at the national level, generating ownership among the member states⁵. As a result, the ETLS implementation picked up again, to finally drop.

The 1975 treaty also foresees to “*establish a common external tariff structure and commercial policy towards non-member countries*” (Treaty of Lagos, 1975). The ECOWAS common external tariff (CET) was adopted in October 2013 after years of intense negotiations and built on lessons learnt from the ETLS (de Roquefeuil, 2013). The ECOWAS CET is largely based on the UEMOA CET, which was set up as early as 2000. However, while the UEMOA CET contains four tariff bands, the ECOWAS CET includes five, adding one more higher band to the original design. The tariff bands are set at 0%, 5%, 10%, 20% and 35%. The fifth tariff band is meant to protect sensitive industries and is the result of a strong push by Nigeria⁶. Very well aware of some of the key challenges that the West African economies face in implementing the CET (specially for [agriculture - Agba, 2016](#)), ECOWAS designed trade defense measures, which consist mainly of safeguard measures to temporarily restrict imports for certain products; countervailing duties to counteract the effects of subsidies; anti-dumping measures to counteract unfair practices; and additional protection measures⁷ ([ICTSD, 2015](#)).

The implementation of the ECOWAS CET started in January 2015. A five-year-transition period allowed member states to adjust to the new scheme, allowing the use of the temporary Import Adjustment Tax. During this period, countries must converge towards a single rate in order to ensure equal contributions from Member States to regional integration efforts. So far 10 of the 15 ECOWAS countries have implemented the ECOWAS CET: Benin, Burkina Faso, Côte d'Ivoire, Ghana, Guinea-Bissau, Mali, Niger, Nigeria, Senegal and Togo. The delay experienced in the remaining five countries is explained by the Ebola outbreak (e.g. Sierra Leone), elections (Cape Verde) but also the fact that there was a delay in transmitting the Portuguese version of some CET documents ([Tiemtore, 2015](#)). Further, Côte d'Ivoire has maintained the top rate of 20% (instead of 35%) for duties and taxes applied to some imports including, e.g. meat from third countries ([ICTSD, 2015](#)).

To facilitate implementation, ECOWAS led a range of capacity building activities (trainings, workshops...) for customs administrations, freight forwarders etc., both at the regional and national levels. Additionally, it has launched sensitisation activities targeting member states. Importantly, the

⁵ The NAC also meet once a year to exchange and discuss the state of progress of the ETLS in ECOWAS countries.

⁶ Which originally wanted a 5th band at 50%.

⁷ These consist of two taxes: 1) the adjustment duty on imports allows adjustments to be made to the tariff level by differentiating between the rate of customs duty in the CET-ECOWAS and the rate of customs duty that was levied in the CET-WAEMU. The adjustment can be made upwards (when the customs duty listed in the CET-ECOWAS is less than the previous customs duty). 2) the supplementary protection tax (SPT) – a surtax to the CET-ECOWAS – is applied to products imported from third countries in two cases: when the volume of imports of a product in a year increases by more than or equal to 25% than the average of imports of the last three years, or when the average CIF (Cost Insurance Freight) price over one month of an imported product falls below 80% of the average import prices of the last three years' (ITCSD, 2015).

ECOWAS CET is in the process of setting up a monitoring and evaluation mechanism, controlling the implementation of the ECOWAS CET at member states and ECOWAS level, while responding to member states enquiries ([Tiemtore, 2015](#)). Such a mechanism is hoped to support the ECOWAS-UEMOA Joint Committee Commission, in charge of assessing CET implementation.

ECOWAS trade facilitation measures - transport

In parallel with the ETLS and CET, the ECOWAS Commission has launched a series of trade facilitation measures supporting these schemes, particularly in the road transport sector. While these include a range of policies and programs, this study focuses on two that generated a lot of attention: the Axle Road Harmonisation policy (2012) and the Joint Border Posts program (2003).

Axle load Harmonisation

The ECOWAS Inter-State Road Transportation Convention of 1982 put in place an axle load regulation. This aimed to limit road damage by limiting the weight of vehicles to 11.5 tonnes. However, it was never properly implemented and overloading trucks⁸ is the rule rather than the exception. The severity of the situation led the EU, as one of the main funders of infrastructures, to threaten stopping financing road projects as long as the enforcement of the axle road regulation remained solely on paper (Saana, 2016). Remarkably enough, the primary response to this threat came not from ECOWAS, but from UEMOA, who in 2005 issued Règlement 14. This regulation re-stated the ECOWAS axle load limits but also provided further guidance in terms of implementation (specified rules, tables and fines). This was translated in practice by the installation and operations of weighbridges though application is an ongoing question among the majority of UEMOA countries.

In 2012, ECOWAS finally issued a Supplementary Act relating to the Harmonisation of Standards and Procedures for the Control of Dimensions, Weight and Axle Load of Goods Vehicle Within Members States. The Act got the support of Ghana (and especially the Ghana National Cargo Transporters Association) - which is the top performer in road governance across the region, with the lowest bribes and limited delays.⁹ However, by implementing Règlement 14, Ghana put itself at a disadvantage *vis-à-vis its neighbours* Côte d'Ivoire and Togo serving the same hinterland.

As overloading trucks is seen as a means to reduce transport costs in most West African corridors, the pace of implementation has been very slow. The USAID (2012) notes that enforcing the axle road regulation will be a serious challenge due to corruption of officials, collusion between truck operators and weighbridge operators (Saana, 2015a), and the influence of truckers' associations and shippers' councils (more details below).

Joint Border Posts programme

In order to improve border crossing efficiency, ECOWAS has developed a Joint Border Posts (JBP) programme. This aims to limit the duplication of procedures and paperwork at border crossings. This idea is not new: in fact, in 2001, UEMOA had identified 11 JBP on their priority corridors (Saana, 2015b). In 2003, ECOWAS followed with Decision A/DEC/13/01/03, requiring Member States to establish JBPs. However, while the legal framework is in place, 'simplified procedures have not been agreed and the different customs authorities' IT systems are not yet interconnected' (Saana, 2015b, p. 22). Hence, a Supplementary Act was adopted in 2013, with the aim of facilitating the process by developing operational manuals to ensure uniformity in border crossing points across the region.¹⁰

⁸ Many trucks have been heavily reinforced in order to carry excessive loads – a practice that significantly increases the tare weight of the trucks and therefore severely limits the weight of cargo that can be legally carried for the operators to meet the gross axle- weight limits' (USAID, 2012:10).

⁹ See more information at <http://www.ghanaweb.com/GhanaHomePage/economy/artikel.php?ID=259047>.

¹⁰ More information at: [http://www.au.int/ar/sites/default/files/SIA%202013\(latest\)_En.pdf](http://www.au.int/ar/sites/default/files/SIA%202013(latest)_En.pdf).

Implementation of the decision has been slow, with only handful of JBP completed.¹¹ Even in those border posts that are operational, challenges remain. In the case of the Burkina Faso-Togo JBP, for example, computer networks were installed by the concessionaire, but 'they haven't been used, because the interfaces and procedures for sharing information were not fully developed as part of the customs transit process' ([JICA, 2014](#), p. 10). Where they exist, JBPs appear to be among mainly UEMOA member states, potentially reflecting higher levels of intraregional trade than in ECOWAS; shared cultural, legal and economic systems, which makes such programme easier to realise between UEMOA countries than ECOWAS; and the Abidjan-Lagos corridor initiative.

Nonetheless, ECOWAS attributes the lack of progress to a lack of funding and financiers for the designed JBP, inadequate capacity and knowledge within Member States to support implementation of the JBP, as well as long procurement processes in line with donor procedures (OECD, 2015). Additionally, however, there are a number of practical issues and challenges. For example, in the above mentioned Burkina Faso-Togo JBP, transporters were not informed that they would need to pay a fee to use the JBP facility. As a result, they were resistant to paying - especially as they see limited benefits. This in turn could represent a potential incentive for them to bribe officials (see below).

2.3 Institutional drivers and constraints

Institutional drivers and constraints that influence policy implementation relate both to formal and informal institutions. *Formally*, ECOWAS institutions are limited in their mandate. ECOWAS adopted the principle of functional cooperation which means that regional organisation only requires 'delegated, conditional and limited authority' from its member states (Adeniji, 2005, p. 10). This means in practice that, like other RECs, ECOWAS has limited authority over member governments (Engel and Jouanjean, 2015). Therefore ECOWAS has limited means to enforce the effective implementation of policy at national level, which remains member states' responsibilities (Bossuyt, 2016). The organisation hence needs to rely on its persuasion and continual dialogue with member states to first ensure regional policies ownership and then achieve regional integration objectives.

This power imbalance between ECOWAS and the member states is reinforced by the absence of active dispute and binding sanction mechanism attached to trade policies ([WB, 2015](#)). Such a mechanism is often perceived as a missing tool that could foster the implementation of trade and trade facilitation policies. Member states are therefore not willing to 'make the requisite political concessions for the purpose of making the organisation to function properly' (Okom, 2016, p. 290). Besides, matters of strict economic issues are outside the jurisdiction of the ECOWAS Court of Justice, which means that 'citizens are often required to depend on their countries to espouse their rights before the Court in appropriate cases'.¹²

Additionally, formal ECOWAS institutions have limited institutional and financial capacities. For example, the ETLs compensation mechanism, which was called into existence to compensate the loss of tariff revenues of member states, was weak, and the ECOWAS solidarity fund was never operationalised (African Development Bank, 2011; NANTS, 2013). Furthermore, while ECOWAS budget covers the functioning of the organisation, the projects and programmes of ECOWAS mainly rely on external funding, creating questions on national ownership (see below).

¹¹ Joint Border Posts have been completed between Togo/Ghana and Benin/Niger, but the JBP between Nigeria/Benin, Benin/Togo, and Gambia/Senegal are still under construction and the JBP between Ghana/Cote d'Ivoire, Guinea/Mali, and Ghana/Burkina Faso have yet to be built.

¹² <http://guardian.ng/features/re-aligning-ecowas-protocols-to-suit-nigerian-market/>.

Informal institutions relate in the first place to rent seeking by government personnel, which feeds into illegal trade flows. Chambers et al., (2012) note that '*the illicit fiscal market for these goods is undertaken in effective coordination with border, customs and security officers as well as a well-organised network of drivers, buyers and negotiators.*' The practice of informal coordination between economic actors and government officials is particularly visible in the transport sector. For example, enforcement agencies in Côte d'Ivoire and Burkina Faso do not strictly apply the axle road limits, but instead impose fees for excess loads. While these fees, collected by security forces, are considered bribes, they also facilitate the flow of traffic by allowing non-compliant trucks to continue (Saana, 2016a). This practice is sometimes reinforced involuntarily by member states' limited capacities. For example, the limited number of warehouses creates a lack of capacity to stock excess loads in case of overloading, reinforcing the application of fees over the strict application of the axle road limits ([World Bank, 2008](#)).

A slowly changing approach to policy-making

The trade policy-making process in ECOWAS includes two key aspects: the first one relates to the highly ambitious and symbolic nature of ECOWAS commitments, decided by head of states in the context of grandiose summits. While this maintains and fosters regional cooperation and comity among West African leaders¹³ (Engel and Jouanjean, 2015), they appear to be disconnected from the reality on the ground, as acknowledged by some interviewees - which is the second aspect related to trade policy-making process. These agreements, policies and protocols are often agreed without a clear and concrete understanding of what they mean in practice for the member states - which then help explain the lack of implementation of regional trade policies at member state's level.

In this regard, the ETLS and CET policy-making processes are particularly insightful. The ETLS was not based on extensive discussions and dialogues, overlooking the interests of member states in regards with the loss of tariff revenues ([Tiemtore, 2015](#)). The ETLS also did not pay sufficient attention to the private sector needs and interests, key actors to be impacted by the liberalisation scheme. This lack of inclusiveness and participation in the policy-making process contributes to lack of understanding, ownership of the ETLS and thus their ineffective implementation.

As an example, in Nigeria, it is the Ministry of Foreign Affairs that is in charge of managing ETLS applications, while private sector associations like NANTS have asked for the responsibility to be transferred to the Ministry of Trade. Another example is the design of the ETLS membership and proofs of origin process (currently under changes), which is resource-consuming ([De Melo & Mancellari, 2013](#)), lengthy and hence represents more of an obstacle than an incentive for private sector actors to apply the ETLS (more details annex 1). As a result¹⁴, after more than 20 years, the implementation of the ETLS remains limited with most SMEs and the informal sector (which represent a major share of intra-regional trade) not even aware of the existence of such a scheme. The ETLS will be updated in 2017 in order to make it more user-friendly for the private sector (by increasing the validity time of the ETLS membership and adapt the rule of origin process).

The CET on the contrary benefited from a more inclusive policy-making process, including over eight years of extensive consultations with the private sector, civil society and public sector (customs); and built on UEMOA CET while adding a fifth band satisfying Nigeria's interest to protect their industry. Although the literature identifies that 'the current structure of the ECOWAS policy formulation process is characterised by a lack of non-governmental inputs and informed debate' (Omisakin, [2013, p. 12](#)),

¹³ Such approach '*provide a continuation of a historical legacy in which [head of member states] being seen to participate actively in foreign affairs helped enhance a leader's image or stature*' (Engel and Jouanjean, 2015, p. 13).

¹⁴ Other challenges the ETLS face are: Lack of national directives, capacities and funds; Tariffs barriers; Non tariff barriers; Corruption among law enforcement; Poor trade infrastructure; Reliance on manual processes; Operators ignorance (NANTS, 2013).

ECOWAS has progressed and integrated some of the lessons learnt from past experiences but also from UEMOA CET experiences. Adopting an inclusive approach is also a strategic choice to foster the implementation of ECOWAS policies: while the regional organisation cannot interfere in its member states affairs, they can inform the private sector and other relevant stakeholder to ensure a better and more effective implementation of their policies. These can then also put pressure on their own governments to address some of the issues they face in regards with regional trade policies.

According to some interviewees, ECOWAS trade policies do not seem well coordinated with other sectoral policies such as industrialisation or agriculture, although they impact on each other. The lack of internal dialogue within ECOWAS is one aspect that prevents such coordination, even though thematic meetings take place. That said, ECOWAS is changing its approach to address this issue. For example the Strategic Community Framework 2016-2021, instead of focusing on sectors, focuses on issue in order to get all relevant staff to come together to address issues relevant to their respective work. Setting up task force combining various fields of expertise is also a way of addressing these coordination issues.

Making ETLS more inclusive

Very recently, in August 2016, ECOWAS undertook some institutional reform, by setting up the ETLS task force¹⁵, with the aim of fast tracking the implementation of the liberalisation scheme. The task force combines high level political leaders and practitioners, which were selected and agreed by all heads of state. The taskforce is led by the former president of Niger (respected figure; credible, leader), one private sector representative (FWAME), one former police representative (from Burkina Faso), one former Nigerian Customs (strong character); ROPA honorary president and NANTS director; and a permanent secretary (from ECOWAS customs) paid by ECOWAS. This taskforce is perceived as legitimate and credible, and combines extensive knowledge and networks/connections. Their role is to lead observatory missions, report to the ECOWAS vice president, with a view to build an ETLS monitoring tool to track incoherence.

ECOWAS is also in the process of adjusting the ETLS to make it more relevant and user-friendly for the private sector to use it. Beyond these institutional changes¹⁶, the ECOWAS Trade department has also led several capacity-building exercises¹⁷ (UNECA, 2015), that are still ongoing. ECOWAS customs, after training extensively public official (which generated limited result on the ground) will now focus on training private sector associations, going further than the usual suspects. It is felt that the ETLS implementation will succeed only with an informed and empowered private sector, demonstrating ownership. Twelve sectors/value chains were hence selected as a starting point.

2.4. Key drivers and blockers

A range of different actors affect the success of trade integration. This also includes the private sector and civil society but also the donor community (the EU and its member states), and the AU.

¹⁵ See more information at <https://www.watradehub.com/en/newly-formed-etls-task-force-meets-plan-high-level-advocacy-tackling-trade-issues-west-africa/>.

¹⁶ These are some of the key institutional changes, other examples could also include: The Authority of Heads of State and Government (AHOSG) of ECOWAS Summit of July 2013 entrusted the responsibility for rediscovering and monitoring, and fast tracking the implementation of integration policies (especially ETLS) in the sub- region to the President of Burkina Faso.

¹⁷ These include: Training and sensitisation of representatives of National Approval Committees (NAC) on procedures and conditions for granting approvals to companies; Organisation of training and awareness-raising workshops on the ECOWAS Trade Liberalisation Scheme in a certain number of Member Countries; Review of requests for approval, and notifications to countries regarding approvals granted by National Approval Committees; Reception and settlement of disputes between States as part of efforts to implement the scheme.

The role of private sector actors

The private sector is a key actor in trade integration policies and their implementation. Nonetheless, despite strengthening private sector and civil society organisations at regional level, their bargaining power and capacity to act and influence core regional policies in a coherent and effective manner remain limited (Bossuyt, 2016).

One of the difficulties in consulting private sector actors is their huge variation - formal and informal actors, importers, exporters and producers all have different interests. For example, the importers of staple food commodities like rice constitute powerful oligopolies that have a strong influence on the political elite and extract rents from constrained local production capacities and segmented regional markets. Local producers, farmers and other operators are more atomised and hence unable to support regional-level action on local and regional agro-food value chain development (Bossuyt, 2016). Informal networks also lead to unusual dynamics. In Benin, an organised group of transporters, locally known as the 'acquis', is specialised in illegally transporting goods across borders, while working in coordination with networks of various border and other officials (Chambers et al., 2012). Finding ways to address the interests and incentives of this diverse group is clearly a challenge.

The limited influence of the private sector on regional policies means that more regionalisation is not necessarily in the private sector's best interest. Since the private sector generally has greater power over national policies than over regional policies, it tends to lose influence when sovereignty is transferred from the national to the regional level. Nonetheless, as private sector actors are the final users and of trade integration, their needs and interests need to be properly taken into account. If not, they are likely to ignore or block the implementation of policies.

Examples of such blockages are found in the protest among ECOWAS member states to the ETLS and CET schemes. This has particularly been the case in Nigeria, where operators wish to benefit from waivers and other protective measures against cheap imports from outside the region. Consequently, the resistance of the private sector is stated to be one of the reasons why the Nigerian senate questions ETLS and CET relevance for the Nigerian economy¹⁸. A second example pertains to the Ghana Importers and Exporters Association and the Ghana Union of Traders Association (GUTA), which have raised concerns about the CET, stating it will negatively affect local businesses. They have called for a possible review of some of the tariffs within the next five years.

The same logic is applicable to the transport sector, where the axle load policy has not been received positively. The axle load policy limit business opportunities for informal truckers whose income depend on overloading - thus supporting the formalisation and modernisation of a more efficient transport sector (USAID, 2012). However, in order to gain business opportunities and maximise profits, truckers are strongly incentivised to keep overloading their trucks. As such, incentives to comply with regional axle load regulations are limited, while corruption related to officials 'looking the other way' is encouraged (Saana, 2015a). In the meantime, private sector associations have shown their discontent with the new regulation: after the imposition of the axle road policy in Ghana, the truckers association and shipper's council negotiated to increase transport prices for end users to restore their previous level of profitability for most informal regional truckers. As a result, transport prices for certain commodities initially rose by 50%, to eventually settle at a 30% increase (USAID, 2012).

Additionally, private sector players are further discouraged in implementing regional policies by the lack of a level playing field, is due to flawed coordination at the regional level. The case of Ghana is

¹⁸ Nigerian interest groups, such as the Manufacturing Association of Nigeria and certain large conglomerates (such as the Dangote cement corporation) continue to be able to dominate policy-making with ministers frequently having little real power to shape outcomes (Engle and Jouanjean, 2015).

particularly telling in this regard: the implementation of the axle road regulations implied a 'reduction in business for Ghanaian truckers previously working out of Tema port and who have moved en masse to other ports where there is business, leading to calls for harmonised implementation by the Minister of Roads and Highways for Ghana' (Chambers et al., 2012).

The international private sector also influences regional trade policies. For example, major European corporations, particularly French (such as Robert Fabre), have lobbied strongly to persuade the West African Heads of State they had everything to gain from the EPA (Berthelot, 2016a).

Competing or collaborating regional economic communities?

Today there are three regional organisations in West Africa¹⁹: ECOWAS, the Union Economique et Monétaire Ouest Africaine (UEMOA) and the Mano River Union (MRU). The official objective for ECOWAS is to one day integrate the UEMOA and MRU. These regional organisations have similar objectives in terms of trade integration and policy coordination, and have increased their collaborations over the years, through the creation of e.g. ECOWAS-UEMOA Joint Committees Commission that meet four times a year.²⁰ On a more informal level, ECOWAS is influenced especially by UEMOA through the usage of its policies as an example for ECOWAS policies; through the sharing of lessons learnt; and through former UEMOA staff working in ECOWAS.

Eventually, however, there is little evidence that they will one day merge into one (Chambers et al., 2012). Norbrook et al. note that politically 'it is hard to see the incentives for UEMOA to dissolve into ECOWAS. Côte d'Ivoire would become a small fish in a big pond' dominated by Nigeria²¹. Additionally, abandoning the UEMOA may also mean having to accept a single currency based on Nigeria's oil-driven economy, thus importing petro-volatility into countries that would not benefit from oil's upside. Given these fears, UEMOA seems for the francophone states (and Guinea Bissau) to be the right means to address this issue of power balance (Engel & Jouanjean, 2015).

Comparing their different progresses, UEMOA is the most advanced in regards with its trade agenda with a common currency, a surveillance mechanism for macroeconomic convergence and progress with JBP implementation. This is also explained by the fact that they almost all speak the same language, have the same legal system (civil law) and share a similar social and cultural backgrounds. UEMOA therefore indirectly challenges the regional integration model of ECOWAS, by suggesting an alternative that could look more promising for its member states.

While ECOWAS and UEMOA institutions formally collaborate to avoid typical issues related to the creation of parallel institutions (duplication, transaction costs, policy incoherence...), the reality suggests that competition is an important part of this relationship ([Mamaty et al., 2012](#)). Some interviewees suggest that at times, in order to foster the understanding, decision and implementation of ECOWAS policies, it is relevant to not only collaborate with UEMOA, but directly with UEMOA member states in order to convey a clearer message.

The negotiations around the CET provide a good example of ECOWAS and UEMOA collaboration and competition. According to Hulse ([2016](#)), while UEMOA was close to finalising its own external tariff, the Anglophone states, Nigeria included, would have been keen to 'catch-up' to avoid allowing the UEMOA states to determine the baseline for a future ECOWAS-wide external tariff. However, the fast-track initiative was unsuccessful, as the UEMOA completed its external tariff in 2000, one year

¹⁹ Some countries therefore belong to two (Benin, Burkina Faso, Côte d'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, Sierra Leone, Liberia, Guinea, Sierra Leone, Liberia, Guinea and Togo) or even the three regional organisations (Côte d'Ivoire).

²⁰ The minimum number of meetings agreed is two per year - and can be one indicator of ECOWAS and UEMOA state of relations.

²¹ See more information at <http://www.theafricareport.com/West-Africa/ecowas-the-next-forty-years.html>.

ahead of the ECOWAS timeline. Three years later, UEMOA and ECOWAS embarked on intra-regional negotiations for an ECOWAS-wide external tariff. Negotiations again floundered for several years due to Nigeria's reluctance to adopt UEMOA's tariff bands as the baseline for the ECOWAS Common External Tariff (CET) (de Roquefeuil et al., 2014; Ukaoha, 2008; Udoh, 2015). With opposition from UEMOA, it was finally agreed that the ECOWAS CET would include a 5th band at 35% to protect sensitive industries (Nigeria originally asked for 50%). As such, 'ECOWAS integration agenda has instead been driven by the more integrated and liberally-oriented UEMOA states, who have successfully managed to 'upload' their standards to ECOWAS' (2016:20). That being said, it is also recognised that UEMOA needs ECOWAS and vice versa to foster economic integration in the region, and that such process cannot be conducted without or against Nigeria.

The influence of donors

The ECOWAS trade agenda has also been heavily influenced by external actors. At one level this relates to the model, as pointed out by Draper (2010), 'African regional integration has de facto relied on 'European' intellectual foundations, with only limited ability to address Africa's challenges'. Following the same logic, Enejekor (2011, p 62) also underlines that the 'idea of indiscriminately copying institutions found in Europe and elsewhere is not only a delusion, but an obstacle to progress in building a regional community in West Africa'. Looking at the success and challenges of the different trade schemes initiated by ECOWAS, it seems for example that an implemented CET may arrive earlier than the ETLS, even though i) the latter was established earlier; ii) it would not follow the linear and sequential model of the EU. At a time of a political, social and economic crisis, the EU model is now losing credibility. Some interviewees are today focusing on the limits of the EU regional integration model rather than its benefits. On the other hand, the discussion on the West African single currency was intensified by the Eurozone crisis ([AfDB, 2016](#)).

Beyond the model, the European Union has influenced trade integration in West Africa in other ways, the most notable being the Economic Partnership Agreements. On the one hand, the 'EU has at the very least accelerated, if not driven, the regional liberalisation agenda. As a result of the EPA, ECOWAS ministers have agreed to operationalise a regional CET from 1 January 2015' (Engel and Jouanjean, 2015). As the CET fits with the interests of member states in ECOWAS, such acceleration was perceived as a positive factor by several interviewees²².

On the other hand, many criticised the EPA for being 'absurd' ([Berthelot, 2016a](#)) or contributing to disintegration ([Madu, 2016](#)). EPA disagreements have led to serious tensions in the region between UEMOA and ECOWAS, but also between member states. Ghana and Ivory Coast hurried to sign an interim EPAs to avoid losing their privileged access to the EU market, and paying the GSP duties, but were blamed for undermining the regional solidarity. If the region was not to find a common position on an EPA, ECOWAS would cease to be a custom union and undermine the ETLS, as EU imports could transit through Ghana and Ivory Coast to reach the West African market ([Berthelot, 2016b](#); Bilal, 2013). Today, even though it has been signed by 13 of 16 countries²³, the future of the EPA is still uncertain with The Gambia, Mauritania and Nigeria in opposition to the agreement. In the context of the CFTA, ECOWAS suggested in 2015 the extension of the existing mandate given to ECOWAS for the negotiation of the West Africa EPA to that of the CFTA negotiations²⁴. The proposal was not followed up by ECOWAS member states, potentially influenced by the EPA negotiation experience.

²² This is to be balanced with the fact that 'the new level of market opening at 75% was backed by the decision of ECOWAS ministers to operationalise a regional Common External Tariff (CET) by 1 January 2015. However some experts stress that the concomitant development of the new market access offer and the regional CET has not allowed for enough perspective on how to best align the two' ([ICTSD, 2014](#)).

²³ Mauritania was included in the ECOWAS negotiating block in the context of the EPAs.

²⁴ See more information at <http://www.ecowas.int/african-union-commission-consults-ecowas-on-the-continental-free-trade-area-cfta/>.

The donor community also struggles to find a coherent approach to supporting regional integration in West Africa. The EU supports both the UEMOA and ECOWAS, while some EU member states focus - exclusively or not, on ECOWAS (such as BMZ) or UEMOA (such as France). Some donors also have their office in Abuja, and/or Burkina Faso, or Accra. In parallel, donors also have bilateral programmes with individual countries in West Africa²⁵ that do not always fit with regional policies²⁶, creating challenges to aid coordination and difficulties for building synergies between regional and national programmes. Bilateral programmes are reportedly easier to deal with, according to interviewees, as they require less coordination efforts (both with other donors and ECOWAS and its member states).

France is also a key actor in the region. While having a limited role in supporting ECOWAS, it has strongly supported the UEMOA by providing development aid, ensuring currency convertibility and guaranteeing the monetary system in these francophone countries. Although it brings some benefits, the monetary link between France and its former colonies (Franc CFA) is however criticised as being an impediment to export competitiveness - often by some of the former public servant of francophone countries such as Togo or even Ivory Coast²⁷. In addition, some regulations confer France with an important power over its former colonies, such as the fact that 50% of the reserves of all member countries of the CFA zones must be held by the French treasury (in 2010 this amounted to EUR12bn); France maintains veto power over the central banks of the two CFA organisations - France could block economic decisions made by its former colonies²⁸.

3. The political interests of member states

While Head of States of ECOWAS member states do not hesitate to claim the importance of regional approach to economic development, their rhetorical commitments are not always followed by action (WACSI, 2011). In this regard, ruling elites often pursue short-term national interests driven by political survival rather than implementing regional commitments. While political elites may genuinely seek development outcomes in a particular sector or issue, they may also have an interest in raising their profile for domestic or international political consumption through the 'status' conferred (Torres, 2016). This section aims to highlight some of the member state interests that define the ECOWAS agenda.

Nigeria - a force or a constraint to trade regional integration?

Regional integration in ECOWAS cannot progress without Nigeria onboard - it is often said that 'whenever Nigeria sneezes, West Africa catches a cold'²⁹. The country represents half the West African population and 60% of its economy. The country's economic power (relative to its neighbours) provides it with an informal but widely acknowledged 'veto' vote (Chambers et al., 2012). A striking example of Nigerian influence is the ECOWAS CET as discussed above, where after several years of negotiations Nigeria managed to integrate a fifth tariff band at 35% to protect its industries and foster industrialisation. De Melo and Laski (2014, p. 3) also note that the of the ECOWAS CET exceptions list, over 200 products are from the Nigerian Import Ban list.

Such influence comes at the expense of smaller states, like Sierra Leone, the Gambia, Guinea, Guinea-Bissau, Liberia, and Niger, which are the members with the lowest per capita GDP (2014 IMF estimates). Contrary to Nigeria, these smaller countries rely on the export of raw agricultural and extracted commodities, while importing manufactured goods from outside ECOWAS. As explained by

²⁵ Most donors find it challenging to coordinate and build synergies between bilateral and regional programmes.

²⁶ ECOWAS member states are also sometimes not interested in having a coordinated approach between the national and regional programmes they engage in together with the support of donors.

²⁷ See more information at <http://mgafrica.com/article/2015-10-02-linked-to-colonial-france-west-africa-rebels-against-cfa-franc-analysts-say-its-a-loveless-marriage>.

²⁸ See more info at <http://www.voixverte.com/africa/the-cfa-franc-vestigial-colonialism>.

²⁹ See more information at <http://allafrica.com/stories/201505281443.html>.

De Melo and Laski (2014), the CET will likely raise the prices on non-ECOWAS imported food and manufactured goods, signaling the potential for trade diversion towards higher-cost partners.

However, while Nigeria used to be an enabling force for regional integration, the country is often seen as constraining ECOWAS progress in terms of trade regional integration. The country doesn't respect its commitments, and as such diminishes incentives for other member states to seriously consider a regional approach. In December 2016, the senate³⁰ (under the pressure of the private sector) was even questioning ECOWAS trade policies, advocating for more protectionist policies.

In general, Chambers et al. (2012) note that the Nigerian trade regime remains unstable and protectionist. Frequently changing levies and bans on imports provide a strong incentive for corruption and smuggling. Due to non tariffs barriers, Nigeria has essentially remained closed to imports. Nigeria therefore has the lowest rate of implementation of the ETLs in West Africa (Hulse, 2016). Most recently, Nigeria banned imports of car and rice through the land borders, affecting Benin's economy.³¹

Nigeria's protectionist stance should be understood in its political, economic and social context. In times of economic recessions, security threats and social divisions, Nigeria is increasingly focusing on the domestic economy. In this regard, protectionist policies are supposed to ensure higher employment rates in an already large market, in turn leading to more security. Additionally, Nigeria has to deal with a set of national economic actors pushing their own interests. As such, Nigerian politics appear to be heavily influenced by "the strong protectionist interests of the powerful lobby of producers" (De Melo & Mancellari, 2013). Nigeria also been seen to use ECOWAS to legitimate its action towards domestic actors: in face of private sector pressure against the CET, the Nigerian government reportedly responded that they had little control as it was a regional policy.

The power play by private sector associations is not unique to Nigeria. The situation of non-compliance in Nigeria led Ghanaian President John Mahama to accuse Nigeria of being a 'protectionist bully,' acting as a barrier to regional trade and development (quoted in Udoh 2015, p. 34). Not much later, however, Ghana itself passed - under the pressure of Ghana Union of Traders Association - a legislation that obliged foreign traders to have a minimum capital of \$300,000 in cash or goods in order to be able to invest in Ghana³². The law was later suspended.³³

Due to perceived Nigerian dominance in ECOWAS, it was agreed that the position of Head of Authority of States in ECOWAS should not be from Nigeria. Additionally, the number of Nigerian appointees in the ECOWAS Commission is limited and Nigeria's vote in decision-making is equal to that of, for example, Togo. In this regard, some interviewees suggest that Nigeria does not always feel well represented in ECOWAS³⁴. This frustration is also exacerbated by the fact that UEMOA states tend to speak with only one voice, therefore strongly influencing ECOWAS trade policies (see below).

To some extent, UEMOA has been successful in pushing forward the interests of their member states in ECOWAS. As indicated before (see External drivers and blockers), the CET is an example where, in spite of the Nigerian achievement of a fifth tariff band, UEMOA has managed to 'upload' its standards to ECOWAS (Hulse, 2016). Hulse (2016) even argues that, with regard to trade policies, ECOWAS' integration agenda has been driven by the more integrated and liberally-oriented UEMOA states, instead of by Nigeria. That said, some interviewees further highlighted that some UEMOA members were also satisfied with the protection offered by the fifth band.

³⁰ See more info at <http://dailypost.ng/2016/11/29/nigexit-senate-urges-fg-leave-ecowas/>.

³¹ See more information at <http://www.arabnews.com/node/1046341/business-economy#.WI7GoC-xHRk.twitter>.

³² See more information at <http://allafrica.com/stories/201509161776.html>.

³³ See more information at <http://citifmonline.com/2015/09/08/ghana-suspends-attempts-to-sack-nigerian-traders/>.

³⁴ Which was translated by the decision to momentarily stop funding ECOWAS.

In practice, however, the lack of trust is also happening at business and civic level: for example, the presence of Nigerian banks in ECOWAS countries is perceived as a sign of dominance and invasion by smaller countries ([Hanson, 2015](#)). As a result, Nigerian benefits from regional integration are often seen as an invasion, while the investments of smaller countries in the Nigerian market are perceived to be more 'legitimate'. As such, the distrust towards Nigeria might help to explain Nigeria's tendencies to develop its domestic market rather than looking to the regional market.

Member state interests in regional transport integration

As mentioned above, improving transport is crucial to facilitate intra-regional trade. Nonetheless, due to security concerns, political linkages with the private sector and issues of competition, member states are hesitant to take the lead.

As mentioned above, due to limited coordination at the regional level, the policy does not benefit first movers. Ghana reportedly experienced a significant reduction in transit traffic through the country's seaports as a result of the new axle load policy. A similar situation occurred in Burkina Faso, where, 200 trucks blocked the road following the call made by the *Groupement des transporteurs de minerais du Burkina* to protest against the application of the policy in the country. They also questioned the relevance of such reform in a context where it is not uniformly applied across the region and where providing an income to the population is of utmost importance. The measure is perceived only as one increasing the transport costs, which leads to more expensive products for the end consumers.³⁵ In Mali, the implementation of the axle road harmonisation policy generated tensions that resulted in the temporary suspension of the policy following dialogues with powerful trucker and shipper associations and the government.³⁶ Interestingly, these countries refer to UEMOA regulations not ECOWAS.

Last but not least, 'the costs of compliance (e.g. road construction, replacement of trucking fleets, system harmonisation etc.) with the new regulation impact asymmetrically across actors and across countries' (Chambers et al., 2012) - based on cultural, legal economic differences. This in turn impedes efforts in terms of coordination and policy implementation. This is both the case of the axle road harmonisation policy and the JBP programmes.

The JBP, are seen as key component of corridors, and especially that linking Abidjan to Lagos, as emphasised by The Commissioner of Infrastructure at the Economic Community of West African States.³⁷ The key challenges they face beyond harmonising systems across borders relate to the willingness of different public agencies and agents to relinquish the rent access they currently enjoy.

4. On the areas with most traction for regional cooperation

This section concludes from the previous sections and attempts to identify where most political traction may lie for ECOWAS. It therefore tries to address how ECOWAS could pursue further the implementation of its extensive trade agenda based on the set of interests, incentives and constraints of the institution and its member states.

³⁵ See more information at <http://www.burkinaonline.com/wp/charge-a-lessieu-deja-un-premier-blocus-dans-nos-cimenteries/>.

³⁶ See more information at <http://maliactu.net/mali-controle-de-la-charge-a-lessieu-le-reglement-n14-de-luemoa-rencontre-une-difficile-dapplication-au-mali/>.

³⁷ See more information at <http://www.ghanaweb.com/GhanaHomePage/business/ECOWAS-meeting-on-Joint-Border-Post-opens-357206>.

The service sector, a promising avenue for development

The service sector, particularly finance and construction, are an important and increasing part of intra regional trade. Overall, the services sector recorded an average annual growth of 12% in the region, driven mainly by trade, transportation, telecommunications and financial services. The service sector contribution to regional GDP increased from 29.3% in 2005 to 51.6% in 2015 ([AfDB, 2016b](#)).

While ECOWAS has laid some of the foundations to allow such trade to take place³⁸, there was no specific regional approach to the service sector until July 2016³⁹ when a future Regional Services Trade Policy (part of the Common Trade Policy) was announced. This will be based on a Service Policy Review, requested by ECOWAS in the context of UNCTAD support on CFTA services.

There are several reasons to think services trade could boost intra-regional trade and development:

- First, 13 of 15 ECOWAS member states have already made commitments in the service sector, demonstrating their interest in developing further the sector as a means to foster a competitive economy. Based on the table below ([ECOWAS, 2015](#)), the tourism, transport⁴⁰ and financial sectors seem to generate most interests; and therefore ECOWAS could build gradually on these for its regional approach to the service sector while consulting extensively private sector actors in the region. Besides, as acknowledged by the Boston Consulting Group ([2015](#)), regionally based firms have competitive advantages when it comes to capturing local markets, thanks to their ability to focus on the local market; mastery of the industrial environment; flexibility; and knowledge of the expectations and behaviour of consumers ([Weigert, 2016](#)).
- Second, the service sector strategy would allow ECOWAS to avoid some of the key issues that impede goods trade in the region. These include the numerous road checkpoints; transport costs; bribes; access to finance⁴¹ etc. That being said, there would be still issues relating to the free movement, right of residence and establishment of people; although this area remains one of the most advanced in comparison to other regional organisation, reflecting long-run historical connects and political openness in the region, there are still cases where such rights were not respected ([Adepoju, 2000](#)).

³⁸ These include: Paragraph 2(d)(iii) of Article 3 of the 1993 ECOWAS Revised Treaty: '...the establishment of a common market through: the removal between Member States, of obstacles to the free movement of persons, goods, services and capital, and to the right of residence and establishment.' Other Relevant Articles include: Article 32 on Transport and Communications; Article 33 on Posts and Telecommunications; Article 34 on Tourism; and Article 51–55 on Financial Services. But also the Protocols of the Economic Community of West African States (ECOWAS) on the free movement of persons, the right of residence and establishment, and articles 91-95 of the treaty creating the West African Economic and Monetary Union (WAEMU).

³⁹ See more information at <https://www.ecowas.int/ecowas-moves-to-develop-a-regional-services-trade-policy/>.

⁴⁰ See more information on <https://www.afdb.org/en/blogs/measuring-the-pulse-of-economic-transformation-in-west-africa/post/tourism-in-west-africa-an-economic-social-and-cultural-opportunity-14479/>.

⁴¹ Cost of capital for the service sector are more limited than in the industrial sector.

Table 1 - ECOWAS Member states with services sector commitments

Sectors	Member States with Commitments in Sector	No. of Member States with Commitment in Sector
Business Services	BE, CI, GA, GU, SE, SL	6
Communication Services	CI, GA, GH, NIG, SE, SL	6
Construction Services	CI, GA, GH, SL, TO	5
Distribution Services	SE	1
Educational Services	GA, GH, MA, SL	4
Environmental Services	GU, SL	2
Financial Services	BE, CI, GA, GH, NIG, SE, SL	7
Health Services	GA, GU, SL	3
Tourism Services	BE, BF, CI, GA, GH, GU, GB, MA, NI, NIG, SE, SL, TO	13
Cultural Services	GA, GB, SE, SL, TO	5
Transport Services	BE, CI, GA, GH, GU, NI, NIG, SE, SL	9

Source: ECOWAS, 2015

Adapt to the private sector

There is a clear understanding that ECOWAS needs to reach beyond the national authorities to implement effectively trade reforms, and foster intra regional trade. ECOWAS has already started shifting its approach to better involve the private sector in regional trade policies, as witnessed by the ETLS reforms. As interviewees highlight, the private sector taking ownership of regional trade policies is the only way these will be implemented on the ground.

Several interlocutors suggest that ECOWAS needs to go beyond consulting the member states administration by dialoguing with their member state private sectors. Engaging the private sector is not an easy task, and therefore ECOWAS should identify and target the type of private sector that is relevant for the design and implementation of specific trade policies. For example, the ETLS aiming to foster intra regional trade does not directly involve and engage with the informal private sector, which is said to represent an important share of the intra regional trade. Second, after the identification and consultation of some of the key stakeholders, there is a need to understand better the impacts that trade policies will have on the different types of private sector (importers; exporters; producers; manufacturers; informal sector...) and how well these address their interests, needs and constraints.

In other words, ECOWAS needs to be not only useful and interesting for its member states but also for their respective private sector actors. Another example regards the monetary ambition of ECOWAS: private sector actors seem to be more interested of having regional convertibility, i.e. where they could pay in Naira in e.g. Benin, and in FCFA in Ghana, instead of having a single currency, which may never come to reality.

ECOWAS needs to provide incentives to the private sector to engage into intra-regional trade, which is more cumbersome than traditional extra regional trade. Interventions need to be tailored to the political economy realities on the ground, i.e. taking into account the interests of the key drivers and blockers of trade reforms. ECOWAS could for example provide mobile court close to the frontiers to enforce regional policies in a reasonable time frame; and effectively disincentivising corruption and incentivising businesses to exploit regional opportunities.

On another note, coordinating with transport and energy regional policies would also be essential, but not sufficient: lowering transport costs through better infrastructure may help but understanding transport markets is also key.

By using the private sector to overcome the lack of implementation of trade policies at member states level, ECOWAS can also find a way to mitigate to some extent the influence of external actors. As an interviewee suggests, while it may be easy for extra regional powers to put pressure on some of the ECOWAS heads of state, it is harder to do so on companies.

Reducing information costs as basis to foster trust

One major issue that impedes collaboration within ECOWAS and between member states is that information is not shared openly because of 'competition'. Such a lack of information prevents member states from benefiting from potential lessons learnt; creation of synergies between programmes; and policy coherence. However with organisations like CILSS and BorderlessAlliance, through advocacy, data dissemination and multilateral discussions are opening new opportunities to discuss sensitive issues based on facts. This led the WAFM (2014) to declare that it is one of the best places to start in terms of influencing reform is the CILSS Secretariat, which supports the formulation and implementation of West Africa's common policies related to agriculture, natural resources such as water, food security and environmental protection'. Engel and Jouanjean (2015) note that its role as disclosing unfair practices and reducing information asymmetries is seen as particularly influential.

As part of the Improved Business and Investment Climate Project funded by the EU, the IFC follow a similar approach where improvements in terms of reforms target investment entry regulations and investment incentives will be monitored through scorecards and offer opportunities for member countries to discuss best practices⁴². Such a scorecard would then be managed not by donors but by the private sector itself, in order to empower it and push it to take part in the policy-making process. This may well foster a healthy and transparent competition between West African countries; and fit well within the cultural context where prestige and recognition are crucial aspects of political life.

This shows that ECOWAS, the private sector but also donors and civil society organisations have an important role to play to reduce information costs.

⁴² See more information at <http://www.worldbank.org/en/news/feature/2015/06/24/enhancing-integration-unlocking-investment-in-west-africa>.

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Annex 1

ETLS application process, including the certificate of origins.

To enjoy the benefits of the ETLS, the company (based in ECOWAS countries) must collect an application form from the competent authority in the country and fill out and send it back to the competent authority, who forwards the applications to National Approvals Committee (NAC). It is then sent to the ECOWAS Commission for validation and notification to all ECOWAS Member States. The NAC notifies then the business when the products are approved. Once done, businesses need to apply for the Certificate of Origin (valid for 6 months and only one product). Finally businesses can export their goods to any of the 15 ECOWAS Member States duty free using the Certificate of Origin.

More information available at <https://www.giz.de/en/downloads/giz2012-en-ecowas-trade-liberization.pdf>

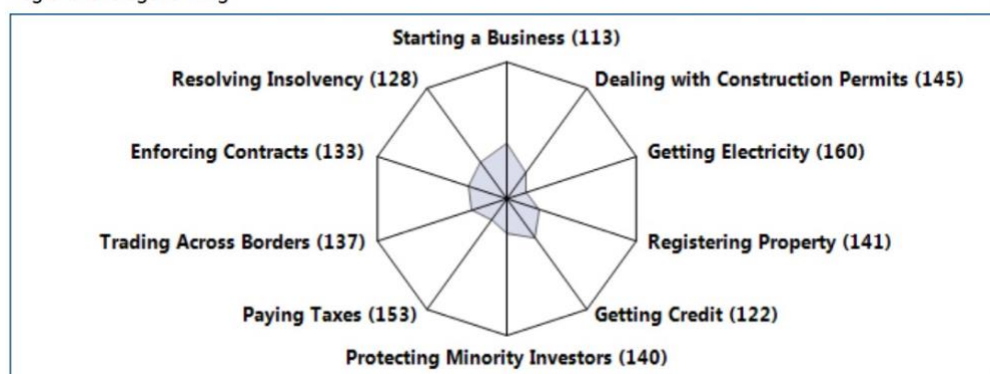
EXTRACTS

ECOWAS CHALLENGES

Setting the stage

The costs of trade are particularly high in the ECOWAS region (Chambers et al., 2012). Even though they vary according to the member states, as shown by the World Bank Doing Business indicators (2016). Only Ghana is part of the two first tiers of the ranking (108), while Nigeria (169), Guinea Bissau (172) and Liberia (174) bring up the rear.

Figure 1.3 Rankings on *Doing Business* topics - Economic Community of West African States (ECOWAS)
(Scale: Rank 189 center, Rank 1 outer edge)
Regional average ranking



Source: World Bank (2016).

Challenges include the high (financial and time) cost of transport and energy infrastructure; the prevalence of non tariffs barriers; bureaucracy; customs delay. Such challenges have a differentiated impact on internal versus external trade: the cost of trading intra-regionally is three times the equivalent of cost of trading with external regions⁴³ (Schmiege, 2015). The region only spends one dollar in regional imports while disbursing 19 dollars for extra-regional imports (ITC, 2016); while exporting 80% of total exports in average of raw material mainly.

⁴³ In aggregate, ECOWAS exports are concentrated to resource-consuming countries such as India, European countries, the United States, China and other emerging economies such as Brazil, South Africa and Indonesia (ITC, 2016).

Intraregional trade (excluding the informal sector) in ECOWAS hence represented about 8.4% of total trade in 2014 ([ITC, 2016](#)). Although this figure may seem low, intraregional trade has kept pace with overall trade expansion and thus quadrupled since 2000. As highlighted by ITC (2016), over 50% of intra-regional exports are 'driven by mineral fuels from resource-rich countries like Nigeria and Côte d'Ivoire to resource-consuming countries like Burkina Faso, Sierra Leone, Ghana, Senegal and Mali'. That being said, intra-regional trade also includes a significant share of manufactured products⁴⁴ - about 30.6% of in comparison with 3.3% exports to the EU in 2013 ([Schmieg, 2015](#)); and the share of services (finance and construction) is also growing ([Endacacid, 2012](#)). This suggests that intra regional trade is a promising avenue for development, and that there is encouraging signs of trade diversification - moving away from raw material exports. Linking trade and development notably by fostering intra regional trade is therefore a pressing issue. Several political, social and economic factors (such as a growing population - youth; urbanisation) makes (decent) job creation a necessity on the short, middle and long term.

⁴⁴ Such as cement, beauty products, soups and broths, refined palm oil, plastics, metal derivatives, fertilizers, essences and soaps are top traded products within the region (ITC, 2016).