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IMPROVING NIGERIA'S INITIATIVES at Benefiting from ECOWAS Trade

1.0. INTRODUCTION

ECOWAS Trade Ministers and Development Partners.

The African continent is characterized by a large number of small, landlocked markets, which are highly economically dependent on neighboring countries, accounting for a significant reason for the need for regional integration. Regional economic communities (RECs) have sprung up to address this need, and as it currently stands, every country in Africa is a member of at least one REC, and it is permissible to belong to more. The driving force behind the formation of the Economic Community of West African States (ECOWAS) (like other RECs in Africa) was the promotion of co-operation and integration in economic, social, political and cultural activity, ultimately leading to the establishment of an economic and monetary union through the total integration of the national economies of member states. ECOWAS also aims to raise the living standards of its peoples, maintain and enhance economic stability, foster relations among member states and contribute to the progress and development of the African Continent.

However, the components that are supposed to guarantee this anticipated full integration outlined and agreed upon by the member states are facing a lot on implementation challenges. Aside regional integration being a panacea for development, economic observers have opined that it can help the regional industries become more competitive by creating economies of scale and weeding out producers that are less productive in the market, thereby establishing and strengthening products value chains and facilitating the transfer of technology and knowledge through spillover effects. Regional integration can incentivize and spur infrastructural development and attract Foreign Direct Investment (FDI) in the countries of the region which further accelerates economic growth and development.

The Treaty of Lagos signed by 15 Heads of States and Governments on 25 May 1975 established ECOWAS with its overriding objective as regional economic integration and political cooperation. Due to the slow pace of the implementation of the Lagos Treaty, a revision was necessitated to accelerate the economic integration process and promote political cooperation. The revised treaty was notified to the World Trade Organization (WTO) on 26 September 2005 under the Enabling Clause, as South-South cooperation, however, lacking the status to negotiate and bind its member states in a treaty[1] - unlike the EU for example.

Article 3 of the Revised ECOWAS Treaty underscored its objectives as regional economic integration and political cooperation. The aim of the revised treaty is basically to liberalise trade among member states through the elimination of tariff and non-tariff barriers, and ultimately achieve an economic and monetary union after successfully going through the process of a Free Trade Area (FTA), Customs Union (CU) and Common Market. Implicitly, promoting trade and, particularly, intra-regional trade was the intendment and spirit of the ECOWAS treaty, the strategy for achieving socio-political and economic integration within the West African region. In furtherance of this, the ECOWAS zone was officially declared an FTA as from 1 January 2000 and is currently working towards becoming a Customs Union.

2.0. Intra-regional Trade Performance in West African

Creating better conditions for West Africa intra regional trade by Easing Border Bottlenecks

Other regions of the world enjoy relatively high levels of trade within their regions. However, West African intra-regional trade does not seem to be converging to international levels but has been described as marginal; the level of trade in the region is estimated at mere 15.6% compared to trade within other sub-regions of the world especially Asia and North America. The reason could be

[1]See WT/COMTD/N/21.

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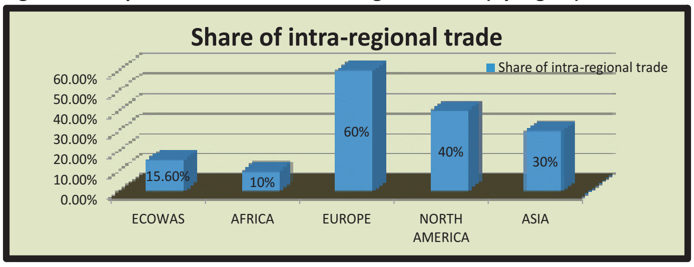
attributed to the high level of informal trade (estimated at over 60%) that is not captured in the official trade statistics. Sometimes, it is important to ask why these volumes of trade exist informally; the answer is that it is a natural response to the hindrances and impediments involved in exporting ones product through the formal sector which means that the existence of informal trade is tied to the problems associated with formal trade.

ECOWAS demonstrated a moderate growth in intra-Regional Economic Community (REC) trade between 2000 and 2007. The region's export registered an average growth rate of 32% and import average growth rate of 36% for intra-REC trade for the period under review. This figure is similar to the region's trade in intra-African trade with an export average growth rate of 33% and import of 32%; while the region's trade with the rest of the world remains steadily at 24% of export and 27% for import .[2]

It worthy of mention that Africa's biggest economies are also among the big players in intra-regional trade. For instance, South Africa is the largest intra-regional importer and exporter in Africa, and in 2010 the country exported more than $12 billion worth of goods to and imported $7 billion worth of goods from the rest of the continent and mostly around her REC, the south African development community (SADC)[3]. Nigeria, which is Africa's third largest economy, was also the second biggest intra-regional exporter (though comparatively low). Evidence has shown that it is easier and more cost effective to sell to a nearby market than a distant market. Furthermore, let us point out that intra-regional trade depends fundamentally on the comparative advantage which one member state of ECOWAS or an exporter has relative to his trading partners. While this advantage is based on resource endowments of the said country, it is influenced by national policies, local institutions, the "business environment", and also the vision of the private sector.

Figure 1: Comparison of shares of intra-regional trade (by region)



Source: AU 2010 report on action plan for boasting intra-African trade

Table 1: Membership of ECOWAS, WAMZ and UEMOA

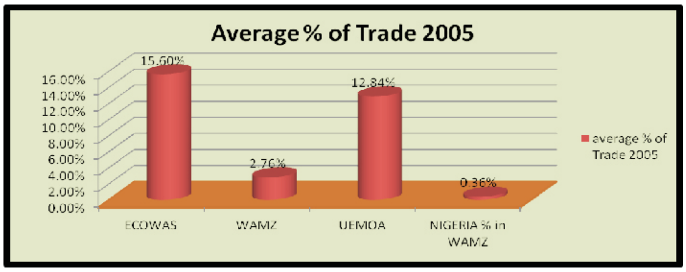
Countries	ECOWAS	WAMZ	UEMOA
Benin	XXX		XX
Burkina Faso	XXX		XX
Cape Verde	XXX		
Cote D'Ivoire	XXX		XX
Gambia	XXX	XX	
Ghana	XXX	XX	
Guinea	XXX	XX	
Guinea Bissau	XXX		XX
Liberia	XXX	XX	
Mali	XXX		XX
Niger	XXX		XX
Nigeria	XXX	XX	
Senegal	XXX		XX
Sierra Leone	XXX	XX	
Togo	XXX		XX

Source: Compiled by Author

2.1. The Status of Intra-regional Trade

The ECOWAS intra-regional trade indicates an average intra-trade within the West African Monetary Zone (WAMZ) of about 2.76% which is extremely low compared to 12.84% within UEMOA zone. Nigeria's share of intra total trade within WAMZ is 0.36% as at 2005 but has increased tremendously between 2005 and 2012. Nigeria is presently the highest intra-regional exporter within the region. It was estimated at 4.7% in 2010[4] The WAMZ member states, with a population of about 70% of the ECOWAS more than 300 million people and contributing about 70% of the GDP of the region ought to stimulate trade. The benefits of ensuring an effective economic and monetary union of WAMZ is that member countries like Nigeria will have opportunity to trade in a bigger market with the removal of trade barriers which leads to reduction in transaction cost.

Figure 2: Comparism of Nigeria's trade within WAMZ and non-WAMZ states in ECOWAS



Source: Computed from the averages

2.2. Nigeria-ECOWAS Trade in Continental Integration

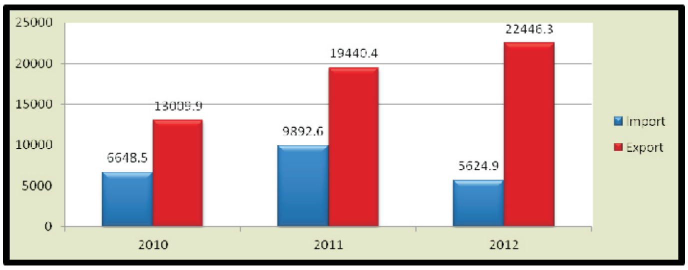
It is noteworthy that the ongoing efforts towards inter-grouping harmonization, such as in ECOWAS, WAMZ and UEMOA, as well as de facto convergence such as in the COMESA and EAC, are important for future broader harmonization of integration and origin rules at the continental levels. This inter-grouping harmonization can facilitate intraregional trade, deepen and harmonize regional integration processes in Africa allowing convergence between two models in support of a single free trade area.

Nigeria's trade figure with WAMZ states and trade figure with non-WAMZ states respectively indicate that, apart from Ghana, Nigeria trades more with non-WAMZ States in value terms than with WAMZ member states. Trade data shows Nigeria's trade with Liberia during the years 2005 - 2007 was zero, and this may be as a result of the political re-engineering process after the crisis in that country. Although, that should have been the reason for improved

[2] ECA compiled from IMF DOT 2009.
[3] Africa's growth initiative, January 2012
[4] FERDI WORKING PAPER 2012

Nigeria's presence in the country save for business insecurity. Nigeria recorded a negative balance of trade with Sierra Leone, Gambia and Guinea Conakry in some of the years under review particularly from 2005-2007

Figure 3: Summary of Nigerian trade (₦ Billion)



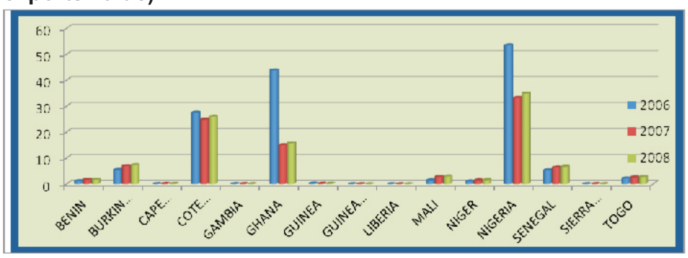
Source: NBS Foreign trade statistics 2012

2.3. Nigeria's Trade in the WAMZ Configuration

Nigeria's trade with non-WAMZ member states indicates that Nigeria had a negative balance of trade with some countries in this group. It is however remarkable to note that the total value of Nigeria's trade with non-WAMZ member states during the years mentioned above is greater than her trade with WAMZ states. It is also worthy to note that aside from year 2007, Nigeria's total balance of trade was more favourable in her trade with non-WAMZ states than WAMZ states. The greater volume of Nigeria's trade with non-WAMZ states can be attributed to the fact that Nigeria is surrounded by the UEMOA states of Benin, Togo and Niger on the West and the North respectively.

Nigeria exports mainly oil to most West African states and imports a wide range of products from these countries. Nigeria trades more with non-WAMZ countries because they are neighbouring countries and share common borders that greatly impact on trade. In addition, the interlocking of WAMZ countries with UEOMA countries allows more trade to thrive among the WAMZ and non-WAMZ countries. These developments explains the irony presented above as to how Nigeria like other English speaking countries trade more with non-WAMZ states that are all Francophone countries, than with WAMZ states of which Nigeria is a member. There is no doubt that the adoption of Customs union within WAMZ that would be harmonized with UEMOA will further enlarge the market for Nigeria.

Figure 4: Exports to ECOWAS (as % of total intra trade exports value)

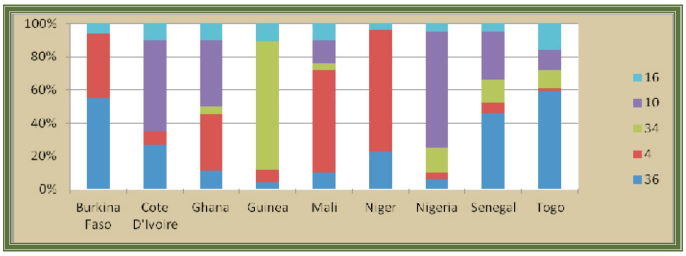


Source: ECOSTAT 2009

It is well documented that Nigeria's official trade with ECOWAS countries constitutes an insignificant proportion of the total value of her external trade and that oil export account for over 90% of what Nigeria sells to these countries. The chart below depicts that only Nigeria and Guinea have single digit shares of exports to ECOWAS. Nigeria's share of exports into ECOWAS region is only 6%. For other countries in the region, this ratio can be as high as 59% (Togo), 55% (Burkina Faso), or 46% (Senegal). It is interesting to note that Nigeria and other WAMZ states trade more with BRICS and OECD states than with any other region of the world while non-WAMZ states trade more within themselves and other Sub-Saharan Africa (SSA) regions.

WAMZ states trade more with non-WAMZ countries because they are neighbouring countries and share common borders that greatly impact on trade. There are however arguments to support the abuse of the Certificate of Origin issued by some neighbouring French speaking West African states to the effect that they are being used as transit point for goods (especially household items) destined for Nigeria under the cover of the preferential ECOWAS Trade Liberalisation Scheme. Through this scheme the goods from non-ECOWAS countries, enter Nigeria unchecked under the guise of being produced in these West African states.

Figure 5: Export Shares by Region for ECOWAS Countries



Source: Uexkull (2012)

3.0. Nigeria's Non-Oil Exports to ECOWAS Countries

Oil still remains the dominant export product of Nigeria. The non-oil export sector is however not only growing, the markets and products are also diversifying. Nigeria exports over 90 different products to about 103 countries across the globe. The non-oil export sector growth is on the average of 25-30% annually in recent years. Though agricultural commodities constitute the largest share of Nigeria's non-oil export basket, the main non-oil export products to ECOWAS countries are manufactured goods. Unrecorded trade in both manufactured and agricultural commodities not captured by the formal export statistics is substantial.

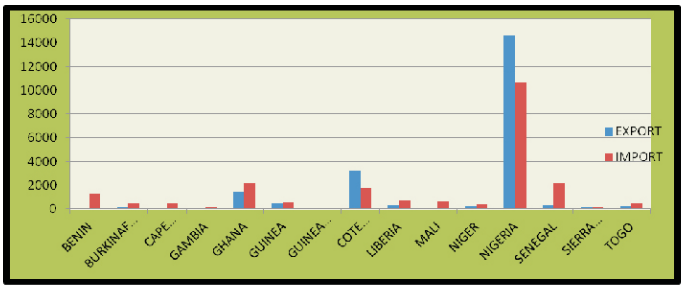
3.1. Nigeria in ECOWAS and EU Trade

ECOWAS is the largest trading partner of all the EU's sub regional groupings/cooperation[6]. EU-27 imports from

[5]Brazil, Russia, India, China and South Africa.
[6]ECOWAS, CEMAC, ESA, SADC, Pacific, Caribbean, etc

ECOWAS grew by 28 % between 2010 and 2009 and within the ECOWAS total, EU imports from Nigeria grew by over 40% between 2009 and 2010 (Eurostat 2011). Out of the fifteen ECOWAS countries, eleven[7] of these countries are ranked as Least Developed Countries (LDCs) while four are non-LDC (HDR, 2009)[8]. The non-LDC countries in the region are Nigeria, Ghana and Cote d'Ivoire, and most recently, Cape Verde. The first 3 non-LDC countries and Senegal to some extent account for the bulk of trade relations with the EU, Over the longer run from 2000 to 2010, the big three ECOWAS import sources, Nigeria (9 %), Ivory Coast (5 %) and Ghana (2 %) showed positive annual average growth rates[9]. Meanwhile, the value of Nigeria's export to EU still surpasses the combined value of the other non-LDC states.

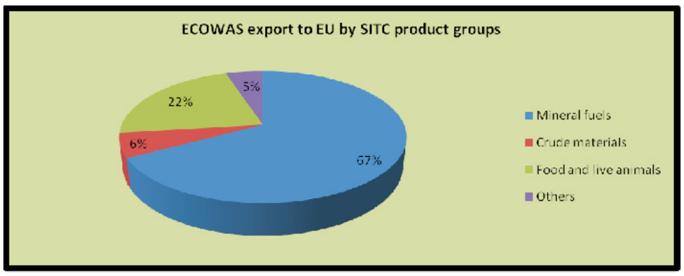
Figure 6: ECOWAS trade with EU 27- 2010 (EUR Million)



Source: Eurostat 2012, www.epp.eurostat.ec.europa.eu

In 2008, EU's rankings of African countries in terms of value of goods traded, Nigeria and Cote d'Ivoire ranked the 4th and 10th for all EU imports while Nigeria, Senegal and Ghana were ranked 5th, 9th and 10th respectively for all EU's exports (Eurostat, 2009). West Africa's main exports are oil from Nigeria (50% of West African exports) and agricultural tropical products (cocoa, bananas, pineapples, wood) mostly from Cote d'Ivoire and Ghana (European Commission, 2009) while Senegal is noted for groundnut (Bergtold et al, 2005). For nearly all the countries the leading import items are heavy equipments, chemical and chemical products and textiles, rubber and metal products.

Figure 7: ECOWAS export to EU 2010



Source: Eurostat 2012, www.epp.eurostat.ec.europa.eu

3.2. Orientation of Nigeria-ECOWAS Trade

A key feature of ECOWAS trade which has much adverse effect on the region's economic growth and development is its high external orientation and relatively low level of intra-regional trade. A look at the destination of Nigeria's non-oil Exports (2008-2010) confirms the low level of intra-community trade. ECOWAS as a sub-region imported 12.5%, 11.13% and 9.74% of Nigeria's non-oil products over the period 2008, 2009 and 2010 respectively. Two-thirds of Nigeria's non-oil export still goes to Europe and USA, while one-quarter goes to Asia. Many other countries of the sub-region are likely to have a lower percentage of intra-community trade than Nigeria.

Table 2: Nominal Protection Rates Accorded by Customs and Excise Tariffs in Nigeria

Sectors	1984	1986	1988	1994	1995	2001
Agricultural Goods	40	23	31	23	23	25
Manufactured Goods	35	26	34	34	25	26
Capital Goods	29	21	17	16	13	16
Intermediate Goods	31	22	26	31	18	22
Consumer Goods	43	35	54	48	39	37
Food, Beverages and Tobacco	43	37	38	39	37	36
Textiles, Leather	48	42	70	54	43	41
Paper, Printing Materials	29	23	27	21	17	19
Chemicals, Petroleum	29	19	21	28	15	19
Metal Products, Machinery	30	20	22	22	17	20
Basic Metal Industries	29	17	26	34	16	20

Source: Soludo et all 2003.

3.3. Nigerian Agricultural and Regional Trade Linkages

The major chunk of Nigeria's trade intra-regionally is composed of agric produce. Since 1985, the Nigerian economy has continued to increase its openness to the global trading community. Given neo-classical postulations, this should translate into increased output and growth of the real sector as the window for competition and improvement in technology widens. Overall therefore, agricultural production and trade have received some facilitation from trade policy in Nigeria, although the effect has been milder than would have been expected, given the critical linkage of these two sectors, as shown in the table below. Overall GDP growth has moved inversely with the average tariff for each of the period under observation although agricultural value-added has moved in positive response to the trade protection factor (tariff rate), implying that trade policy has a potential to positively affect agricultural growth and national employment, inter alia.

Table 3: Tariff and Growth of the Real Sector in Nigeria (1975 - 2000)[10]

Item	1975 -79	1980-85	1986-94	1995-2000
Average tariff (%)	Over 50	33.6	33.53	26.7
GDP growth	6.26	-3.79	4.43	2.94
Agric Value Added/GDP (%)	-	35.34	39.80	39.63
Growth of Agric Value Added	-	2.59	3.81	4.43
Non oil/Total Exports (%)	14.91	3.41	4.54	2.33

Source: Calculated with data from Central Bank of Nigeria's Annual Report and Statement of Accounts, (Various Issues)

[7] 15, with the exclusion of Mauritania, which keeps going off and on the membership of the ECOWAS regional configuration
[8] Cape Verde has recently acceded and joined the Non-LDC status
[9] (Eurostat 2011)
[10] The tariff and growth estimate is captured from 1975 to depict a picture from when ECOWAS was formed to 2000.

4.0. Nigeria and the Threats to ECOWAS Trade and Integration

Multiplicity of Agencies regulating trade hampers regional integration

Despite the noble objectives of the ECOWAS Treaty and the elaborate policies and programmes aimed at advancing regional integration within West Africa, the fact remains that these have failed to yield the desired results more than 3 decades after the coming into force of the Treaty. Member states still hold on so jealously to national sovereignty, even at the expense of collective regional objectives and interests. The most potent instrument of regional integration, intra-regional trade is being undermined on a daily basis by the agents of member states' governments.

The continued existence of tariff and non-tariff barriers (NTBs) as trade policy tools by member states as well as some practices indeed pose some of the biggest threat to regional integration in West Africa[11]. Not only does the existence of tariff NTBs within the region undermine intra-regional trade, it is majorly responsible for the ineffectiveness in practice of the ECOWAS Free Trade Area (FTA) despite its proclamation over a decade ago.

Apart from the foregoing impediments, there are fundamental issues which further continue to threaten the regional trade and integration in West Africa, particularly Nigerian initiatives and many of these are examined in this piece for the purpose of clarity.

4.1. The Treat of Corruption in Facilitation of Regional Trade

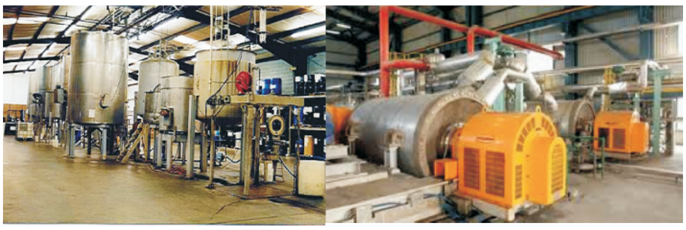
Lack of legal mandate on the part of the Secretariat to enforce trade facilitation increases corruption and bribery

Corruption appears to be the biggest treat to regional integration among the many ills and impediments to trade that have characterized the West African border, especially from the Nigerian perspective. The activities of border officials at many border post in the region needs urgent attention in view of it implication to the achievement of objectives of economic integration. Quite recently, many watchdog agencies have reported a rather disturbing rise in trend in corruption cases among border patrol, customs and border protection, and immigration and customs enforcement agents[12]. They believe that all smuggling and trafficking cases are facilitated by these agents. It is widely reported that there are several witnessed cases of corrupt officials of both Nigerian and Benin Republic origin always extorting monies from travelers; and these happen in full glare of the public where various amounts of money are requested by these officials from travelers and traders irrespective of the validity of their documents[13]. This is not only particular for Nigerian and Benin border officials alone but was however identified for most of the officials on the land border post across the region.

In Nigeria, due to corruption, Customs and Excise laws are not always enforced uniformly or without discrimination[14]. This was claimed to have come from a survey in which more than half of surveyed households who had contact with the Customs administration throughout 2009 reported to have paid a bribe. It is worthy of mention that the impact of corruption on the reputation of a government and the security challenges it poses cannot be under-estimated.

Evidently therefore, this is one of the reasons why the bulk of the trade in the region is transacted informally. Traders will prefer to pay bribes and cross their goods than to pass through the formal process and may still eventually pay some bribes. It is quite interesting to know that various amounts of money demanded at the Nigerian-Benin (Seme) border post are not demanded by the official as the Benin-Togo border posts; indicating that issues of bribery can be solved if there is enough commitment or political will on the part of the political class.

4.2. The Treat of Policy Inconsistencies



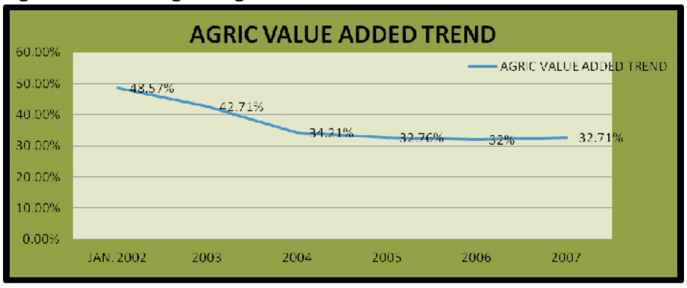
Policy Inconsistencies raise the cost of doing business in the region

Inconsistencies in the trade sector are mostly felt in trade and capital account liberalization policies, especially as espoused in the structural adjustment package. Therefore, not only are these policies perceived as hindrance to trade, they are also irregular and have witnessed a number of reversals. Nigeria's kind of trade liberalization often appears arbitrary and without systematic policy conviction and sometimes is overly tilted towards the outside world in a manner that seems to unwittingly punish the

[11]This is particularly so in the non-UEMOA group of countries.
[12]The Transparency International's Global Corruption Barometer 2010 described the Nigeria Customs Service (NCS) as a notoriously corrupt public institution in Nigeria.
[13]Business Day Newspaper, Thursday 10, 2013.
[14]Statement released by Global Integrity 2010.

vulnerable especially women and children by impinging on or reducing their right of choice. One sector that has received such quantum of inconsistencies is the manufacturing sector which ought to have produced the bulk of goods for intra-regional trade.

Figure 8: Percentage of agricultural value added to GDP



Source: World Bank data; www.tradingeconomic.com

Another trade policy abuse is the reversals over trade facilitation policies particularly regarding inspection of goods. Nigeria has kept moving from destination inspection of goods to pre-inspection and back to destination and currently operating on what appears to be a mix-policy. In addition, the inconsistency around implementation of commitments on the ECOWAS Trade Liberalization Scheme (ETLS) which tends to remove impediments on the movement of goods under the scheme is not in the best interest of the regional trade initiatives and objectives of the Nigerian government. The provision and use of bans/prohibitions are detrimental to the country's private sector and remains as an impediment to the private sector's ability to benefit from the intended goals of trade liberalization. The itemization and proclamation of prohibition do not seem to follow any structure as most announcements for bans are ad-hoc.

How much the Federal Government is willing and ready to put in place towards remedying such inconsistencies would determine the effectiveness of the benefits of regional integration in support of local industries as well as the agricultural sector is the question.

4.3. Identification of Nigeria's Strategic Interests and Position

Proper planning brings effective policy making

Like in many other areas of socio-political and economic environment, including trade related issues, it is always difficult to systematically observe and identify the exact strategic interests of Nigeria. This makes it difficult even for the private sector to predict the policy direction, and reduces visibility of investment architecture while also shrinking the reliability, precise and definite nature or concentration of investments. This is one of the factors responsible for the reduction of growth and development in trade sectors especially in relation to certain regional/international trade rules and protocols.

The ultimate result is the lack of direction and coordination of exactly what it is that Nigeria hopes to gain from regional trade. One example is the case of prohibitions which are arbitrarily decided by government and most times mounted upon the framework of individual/group pressures. Currently the list of items in the import prohibition has gone up to 28 with even more numerous line items and codes. Many analysts have worried over the methods of imposition of the bans and the criteria for adding commodities to the list. Some have wondered whether the respective decision makers have access to a sound impact analysis of the planned/suggested import policy changes with respect to effects on the economy, consumer prices, businesses in specific sectors, volumes of informal trade and so on. From all enquiries made so far, it does not seem as though there is any systematic trend in the making of the prohibition list. Indeed, members of the Tariff Technical Committee of the Ministry of Finance, the agency charged with tariff policies and implementation, often get to hear announcements of fresh items added in the prohibition list from the media. It was confirmed that most of the lobbyists (private agents) that desire particular items to be added in the prohibition list could simply organize a courtesy call on Mr. President and lay the grounds for their appeal for prohibition of certain items. In return, the President promises them to do so and proceeds to instruct his aides to prepare the announcement. This has unwittingly created monopolists and made certain business and individuals overnight billionaires.

4.4. Nigeria's Prohibition Policy

It is certain that quite a number of the bans do not readily reflect trade needs of the country neither do they feed into any overall picture of trade policy restructuring as could have been expected. With the exception of rice and a few other food items which prohibition are based on projected need to encourage local farmers and reduce reliance on foreign food imports, most of the other banned items are not based on any coherent national policy and often prohibition of such items contradict the terms of other trade agreements either within the region or with other third parties. In several cases too, prohibitions immediately create artificial scarcity of the items. The prices of available ones soar and consumers are made to pay more for same units of the items. In many cases, by the time many producers run into the industry to manufacture the product, government will recall the prohibition and the prices would crash. This brings about a cobweb impact on production and the entire economic outlook.

More so, prohibitions in Nigeria are often not supported by any programme to increase domestic output. One major reason proffered by the Presidency in prohibiting import of certain commodities is to reduce the pressure on domestic producers and enable them improve on their capacities, and encourage new entrants into the local production of substitutes for such prohibited items. But often, it has been observed that no special provisions or policies, not even incentives, are provided in addition to such local producers to enable their meeting with such expectations. The implication is often that many years down the line, domestic production of such prohibited items is still weak and unable to satisfy local demand. With porous borders too, import prohibition simply increases the risk associated with bringing in goods, and immediately reflect on the prices that the risk-takers are willing to take for the goods. In effect, such goods still find themselves in the shelves, but at increased prices. In so doing, Nigeria tends to shoot herself on the foot given that the economy is weakened while the country also loses from the benefits of regional trade and integration, especially in terms of job creation and redistribution of goods and services.

4.5. Absence of or Poor Trade Infrastructure

Poor infrastructure slows goods and services

Nigeria's trade sector is bedevilled by the absence of infrastructure, or at best, poor infrastructure. Transportation and power appears to rank high in the category of infrastructure required by the Nigerian business to flourish and add value to the nation's economy. In terms of regional trade, whereas the energy to power and improve their productivity has staggered for a long time and kept many of the private sector operators out of business, transport – road, rails, sea and air are absolutely poor or deficient. For instance, the road from Lagos to Benin Republic (along Mile 2 in Lagos to the Seme border) has presently remained a dilapidated one, there is no presence of rail lines that could have made it easier to move goods in large quantities from the country across the other member states of ECOWAS.

Similarly, whereas there is absence of a regional airline to aid movement of persons and goods from one end to another (most of the national carriers are either dead or at best in coma leaving passengers at the mercies of an unreliable few airlines with a handful of aircrafts- e.g. Arik, Asky, Air Burkina and Air Senegal), the cost of movement of goods by sea is so exorbitant and almost unaffordable to inspire trade.

The result of these epileptic infrastructures is that movement of goods and services is always slowed down; goods become more expensive to the consumer populace while profits are reduced to the detriment of the private sector operators who are naturally time conscious in their transactions to meet demand and turnover necessary for enhanced profit and breaking of evens. It is also largely responsible for high perishability of goods since a major chunk of goods moving across the region are unprocessed, primary commodities. It is important to note that women are the worse victims in this case since the petty traders that travel to the hinterlands are mainly females.

4.6. UEMOA vs Non-UEMOA Divide

The existence of the West African Economic and Monetary Union, better known by its French acronym, UEMOA and along-sides other non-UEMOA countries within the ECOWAS (each with a different level of coherence and yet no clear relationship) constitutes the biggest threat to regional integration initiatives, as efforts at integration are divided between the two sub-groupings, with each competing for supremacy within the region. The UEMOA sub-grouping is perhaps the most advanced regional integration initiative in all Africa having regard to its institutions, decision-making processes, policy implementation and financial resources. It is already a custom union and is firmly on its way to becoming a common market, which would mean the convergence of financial and monetary trade policies among its member states, including indirect taxation[15].

ECOWAS and UEMOA: Can they develop a common plan on trade liberalization and macroeconomic policy?

Unlike the ECOWAS treaty, the UEMOA treaty reflects a large measure of supra-nationality in its integration initiative[16]. Article 6 of the UEMOA Treaty expressly affirms the supra-nationality of UEMOA's statues over those of national governments. The UEMOA is currently focused on consolidating its custom union, coordination and implementation of fiscal and sectoral policies and the convergence of macro-economic policies[17]. In trade terms, the UEMOA has exclusive competence to negotiate bilateral agreements on behalf of its member states. The absence of the principle of supra-nationality in the ECOWAS Treaty effectively means that there is no legal basis subjecting member state laws to ECOWAS law[18].

Accordingly, the observance of ECOWAS law is at the discretion of member states. When weighed against the backdrop of the fact that most national constitution

[15]See UEMOA, Available at http://www.paris21.org/Dir_Partners_06/dir_partners_06_uemoa.pdf. The Treaty on the West African Economic and Monetary Union (UEMOA Treaty) is available in French at http://www.worldtradelaw.net/fta/agreements/waemufta.pdf.
[16]See Articles 5 and 6 of the UEMOA Treaty.
[17]Article 4 of the UEMOA Treaty
[18]NANTS ECOWAS Vanguard: Issue No. 4, available on NANTS website (www.nanst.org)

expressly require international agreements like the ECOWAS Treaty and its Protocols, to be domesticated before they can be locally applied, it becomes clear that the problem of non compliance is one that exists at two levels. First at the regional level, member states cannot be challenged before an ECOWAS institution as a matter of right for breach of trade treaty obligation. Secondly, community citizens cannot challenge member states government or government agents for breach of same obligations before national courts because most of the regional laws have not been domesticated in line with constitutional requirements.

The initiatives of Nigeria on trade is somewhat inhibited by the absence of a comprehensive and reliable political instrument and legal system for adjudication of regional trade related disputes. In that sense, given that commercial disputes are inevitable, but that instruments for such settlements are lacking, it tends to deter many businesses the confidence of operating fully with the trust that cases arising from their transactions or other eventualities can be handled within the ambits of regional frameworks. An instance is the continuous flagrant disrespect to the ETLS and other ECOWAS trade policy measures even by ECOWAS member states without provisions for adjudication, remedies or equitable sanctions.

4.7. Weak Implementation of Protocols

Flowing from the foregoing is the fact that implementation of or compliance with community protocols, especially trade related protocols is poor. The development of the West African sub-region will be best achieved in an environment where Community citizens can freely move across political borders in the pursuit of legitimate trade in goods and services and in the process contribute to building a vibrant regional economy. Unfortunately, despite several bold efforts by ECOWAS Heads of States and Governments, culminating in several Protocols, Conventions and Decisions relating to the free movement of persons and goods within the region[19], individual Countries have continued to hinder the free movement of people and goods across borders, maintained and continue to erect multiple barriers and restrictions to intra-regional trade, including administrative barriers, import bans and prohibitions, etc., and even fashioned national laws and policies to clearly restrict the rights of citizens to reside and establish anywhere in the region. Obviously, Nigeria is one of the guilty member states.

Harassment and extortion by security agencies

In the current misunderstanding between Ghanaian authorities and the Nigerian traders doing business in Ghana[20], many economic observers believe that it is a matter of retaliation. The root cause of such payback has been attributed to the refusal on the part of Nigeria, of goods emanating from Ghana to enter the Nigerian market across the borders, even under the ETLS category.

Secondly, Nigeria's approach towards resolving the lingering matter can also be seen as laxity on the part of Nigeria to effectively explore or utilize all diplomatic avenues and her position to drive the respective units within ECOWAS or her institutions to fairly and quickly resolve the matter. While appreciating the leadership position of Nigeria in ECOWAS, it is critical to implore the country to actually drive the progress of trade within the region by exemplary implementation and application of the rules.

With regard to the Nigerian private sector, particularly, micro, small and medium enterprises (MSME) engaged in intra-West African trade, the following have been identified as specific hindrances to their activities[21]:

- Lack of information and awareness of Common External Tariff (CET) and other ECOWAS trade policy measures.
- Extortion/exploitation, harassments by border officials.
- Lack of reliable market information in different member states.
- Plethora of administrative requirements (red tape)
- Lack of business management skills.
- Transport constraints/high cost of transportation.
- Language barriers.
- Multiple tariffs/charges by member states.
- Political instability across the sub-region.
- Inconsistent government policies.
- Poor road/communication infrastructure.

5.0. Conclusion and Recommendations

Indeed, given that the bulk of trade especially export from the west African region is transacted from the Nigerian business environment, the essence is that the country needs to improve and sharpen her initiatives at regional integration so as to empower the private sector to derive the benefits of larger trade. For the expected benefits to be reaped, the following recommendations are herein advanced.

5.1. Mainstreaming Regional Trade Agenda in Nigeria's Development Strategy

Trade, usually referred to as an important engine of growth, has the capacity to pull the economies of West Africa out of the woods. If this expectation is to be realised, there is need for Nigeria to more practically mainstream

[19]See A Compendium of Protocols, Conventions and Decisions Relating to the Free Movement of Persons and Goods, ECOWAS 2009.
[20]The Ghanaian Authorities courtesy of GIPC Act (which required foreigners to have an investment capital of USD300,000) has been locking up shops belonging to Nigerian traders.
[21]Identified by members of the private sector itself at a GIZ-NANTS workshop held at Abeokuta, Ogun State and Minna, Niger State in October and November 2012 respectively.

the regional trade integration agenda in her national development strategy. This way, regional issues can be taken more seriously. Additionally, expectations could also be achieved through serious application of regional protocols and rules as well as ensuring the ratification of all outstanding regional trade related frameworks.

Available empirical evidence shows that the economic prosperity of many successful economies has been driven by the volume of trade, interpreted as the combined volume of exports plus imports traded, and the level of competitiveness. Based on this, mainstreaming of trade into national development strategies has gained prominence especially since the past decade. A parallel draw down from this policy view point is that trade has not been able to play a significant role in the economies of West Africa because trade policy has not been given the desired prominence in overall development strategy.

5.2. Quick Dispute Resolution Mechanism for Trans border Cases

The government of Nigeria must work towards ensuring that trade disputes, especially cases of regional dimension are resolved as quickly as possible due to the adverse economic implications of such disputes on both businesses and national economies. Whether it is demurrage being accrued on account of a cargo in dispute at the Port on deteriorating perishable goods being held illegally at points of entry to member states, it is a loss that overall frustrates the economic integration of the sub-region.

Nigeria can as well urgently facilitate the setting up of a dispute resolution body/centre for quick resolution of trans-border trade disputes right at the border points. Such dispute settlement mechanism can be in form of mobile courts located very close to the borders for proximity to border related offences and to facilitate quick dispensation of justice. In the same vein, Nigeria's initiative could gain more strength if government assists or works towards empowering the ECOWAS Parliament become an actual law making organ while at the same time expanding the jurisdiction of the ECOWAS Court of Justice to entertain trade related matters. This is in recognition of the fact that businesses are more interested in time saving rather than long-drawn dispute resolutions that often characterise the regular court system.

5.3. Adopting Sanction Mechanism

ECOWAS Commission President Dr. Adrienne Diop sign a Memorandum of understanding at the Commission's headquarters in Abuja.

Against the backdrop that the power of the EOWAS Court is basically only advisory, it leaves room for the continued disregard of treaty obligations by member States. This is a serious bane of integration and free movement in the ECOWAS region as the lack or absence of sanction mechanisms to deter agents of member states from the tendency of impunity and arbitrariness in the operations and enforcement of rules or adherence to obligations is very rampant. For instance, having specific sanctions for member states that have unapproved check points on border routes or whose agents unlawfully harass trans-border traders could help stem the tide and allow the evolvement of integration initiatives.

The expansion of scope of the jurisdiction of the ECOWAS Court of Justice to cover matters not only related to human rights violation, but more importantly matters related to trade and commercial disputes within Member States should be considered.

While considering all of these, it is also important to explore the inclusion of Alternative Dispute Resolution in ECOWAS laws as a way of building confidence on the private sector business operators where Courts are jurisdictionally handicapped.

Indeed, for the private sector, the most practical way of demonstrating the ECOWAS Vision 2020 of transforming from ECOWAS of Member States to ECOWAS of Peoples is to see an ECOWAS Community Court of Justice that recognises and provides access to citizens in all matters and whose powers and jurisdiction covers the trials on cross border related offences in the sub-region, including the violation of ECOWAS trade related Conventions and specifically, the Free Movement Protocol.

Importantly, ECOWAS should also consider the establishment of mobile Courts at the border sites with the aim of fast tracking actions and as a means of applying sanctions to defaulters of the provisions of the Free Movement Protocol and treating issues such as sea piracy on West African waters, cross border money laundering, drug and human trafficking offences, etc., committed along the border lines within the sub-region.

5.4. Reviewing Overall Trade Facilitation Procedure

The following is a list of trade facilitation programmes and activities whose implementation are necessary for the boosting of intra-West African trade:

i. There is a need to reduce existing road blocks by 50% or more, from the regional trade corridors and border points through the setting up of Joint Task Force comprising of public-private sector officials to work from the regional perspective.

ii. ECOWAS should partner with Business Membership Organizations to harmonize and simplify Customs and transit procedures, documentation and regulations for easy understanding of the regions business operators, including the informal sector.

iii. ECOWAS and member States must seek to reduce the number of Customs documents as well as harmonize their applications and the operation hours by member States. More so, the provision of an integrated border management (IBM) where Customs procedures, standards, regulations and documentation are harmonized and simplified is key.

iv. Development of cross border trade facilitation programming targeted at MSME's and the building of synergy at the national and regional levels is fundamental.

v. It is also needful to consider the possible establishment and operationalization of one-stop border posts across the West African region.

5.5. Capacity Building for Border Officials

In order to realise the above outlined steps in trade facilitation, it is important to embark on capacity building of border officials including Customs, Immigration, Police, Ports Health, Quarantine, Nigerian Drug Law Enforcement Agency, etc. on their respective roles and the importance of recognition of the contributions of MSME's and women traders to the national economy. This way, regional trade laws can be better obeyed and not in breach as it has remained.

5.6. Complaints and Feedback Mechanism

Nigeria must institute a mechanism at national level for complaints from the MSME traders experiencing harassment along border trade routes to be lodged and specific actions taken with the regional authorities. The idea currently being put together by the German International Cooperation (GIZ) to address this gap is strongly recommended for collaboration of the government of Nigeria.

5.7. Private Sector Awareness Campaigns

Public awareness programme increases traders incentives

A joint massive awareness campaign to educate MSME traders about ECOWAS trade and immigration Protocols and other policy measures, as well as the imperatives and usage of the new Joint Border Post being constructed at Seme-Krake Plage (Nigeria-Benin border) is key and must be urgently embarked upon.

5.8. Advocacy Trainings for Businesses

Advocacy training for members of the Organised Private Sector regarding MSME cross border traders as well as the operational trade rules and procedures is necessary. Such empowerment will embolden the operators themselves to apply the demand side of policy from government.

5.9. Revisiting the Concept of Import Waiver

The subject of import waivers has remained a very critical one in the history of revenue generation in Nigeria over the years. The subject has truly become a conduit pipe through which revenue that is legitimately due for the development of the country has continually been drained off the purse of government.

Understandably, the President of the Federal Republic of Nigeria by virtue of the provisions of Sections 11 and 12 of the Customs, Excise Tariff, etc. (Consolidation) Act 1995 has the powers to grant waivers on certain imports. Such provisions appear overbearing and absolute especially under a democratic dispensation; and more so, under the present condition where the country needs every drop of revenue to finance the huge infrastructure deficit. Waiver granting is a process that sets aside and makes nonsense of the nation's trade policy. It is also important that Nigeria realizes that under the new clime of CET, waivers (just like import prohibitions) must have limitations. This subject of waiver has therefore reawakened the challenge before the Nigerian Parliamentarians (as elected representatives of the people) towards reviewing the provisions of the nation's tariff laws.

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RECENT KEY TRADE NEWS

Director-General Pascal Lamy, in a speech at the UNCTAD Global Commodities Forum in Geneva on 18 March 2013, said: "Recommitting to commodity sector development in all its aspects is crucial to our shared objectives of promoting growth and eradicating poverty". For more, contact: Lamy: "Recommitting to commodity sector development as an engine of economic growth and poverty reduction"

Borderless Conference 2013- the 2nd transport and trade annual event that discusses why it costs so much in West Africa to move goods and people, took place in Accra (21-22 Feb 2013). For more information, contact: Transport Infrastructure | USAID West Africa Trade Hub

Value Chains: There is a surge of interest in the implications of global value chains. These encompass a wholesale reconceptualisation of trade statistics, a renewed focus on the importance of services in economic development, etc particularly in Sub-Saharan Africa. For more, please contact: How should Sub-Saharan African countries think about global value chains?

The South African Cabinet has approved the 2013-2015 Industrial Policy Action Plan (IPAP) outlining government initiatives to accelerate the industrialisation of the South African economy. For more, contact: SA industrial policy plan approved

West African Trade Experts met with the ECOWAS and UEMOA Commissions in Accra – Ghana (20th – 22nd Feb 2013) to examine the divergences still existing within the context of the EPA negotiations between ECOWAS and the European Union (EU). For more information on the outcome, contact: ECOWAS Commission at www.ecowas.int

West African Ministers and Experts under the Ministerial Monitoring Committee (MMC) met recently in Praia- Cape Verde (21st – 22nd March 2013) to review the recommendations of the Experts, particularly, the market offer proposal within the context of the ongoing negotiations of the EPA. For more information, contact: www.ecowas.int

UPCOMING TRADE FAIRS AND EXHIBITIONS

EXPO BUILD CHINA

Expo Build China 2013 (01 - 03-April 2013)

An Int'l fair for everything about building materials, ceramics, tiles, etc, one-stop solutions to building.

Venue : Shanghai New International Expo Center

The 7th ECOWAS TRADE FAIR shall be held in Ghana in October 2013• The Regional Committee has agreed on the Parameters. It is important that West African Private sector operators participate in the regional fair. For more info: www.ecowas.int OR ECOWAS PRESS RELEASES

FUTUREALIA Instanbul, TURKEY 2013: The 18th Int'l Business Development Forum holds from 5th – 7th June 2013, and is being organized/promoted by NANTS, NWES, World Trade Center, and World Trade Club Istanbul. The event covers over 20 business sectors from over 57 Countries. To participate, please contact the Commercial Dept. Of NANTS: nants_nig@yahoo.com OR +23497812124.

NANTS and ERAYANA Exhibitions organizes the first Nigerian-ECOWAS Leather Footwear and Accessories fair takes place from 8th – 12th May, 2013, at the Blue Roof of Lagos Television, Ikeja. For participation, please contact NANTS on nants_nig@yahoo.com OR +23497812124

NANTS is organizing Nigerian businesses to the Canton fair taking place in China from 15th – 19th April 2013. For more information, contact: nants_nig@yahoo.com, OR +23497812124

International Food, Beverage & Packaging Technology Trade Fair Venue : Expo Cente Lahore, 5 – 7 Sept 2013

denim b2b expo InDIGO 19-20 April, 2013 Denim Club India

2nd InDIGO Denim B2B Expo: Garments and textiles worldwide importers, buyers, traders, professionals and business professionals

Venue: International Trade Expocentre, Sector - 62

19- 20-Apr-2013 http://www.indiadenimexpo.com/

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ECOWAS VANGUARD

....Issues for an ECOWAS of peoples

Volume 2 Issue 5

ECOWAS Vanguard is published by the National Association of Nigerian Traders as a policy advocacy tool to sensitize and bring about the desired change in the current attitude to regional Integration in the ECOWAS sub region be raising awareness, stimulating discussions and debate on the multiple issues that relate to the Regional integration process.

Views and comments are welcome and should be directed to:

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ABOUT NANTS

The National Association of Nigerian Traders (NANTS) is the umbrella organization of traders in raw materials, industrial and finished goods (locally made and imported) in Nigeria. However, to encourage the interlink between market access and production of goods, NANTS' membership has recently been expanded to include local manufacturers of consumer goods, local raw materials providers as well as local farmers' networks. Women constitute about 65% of NANTS membership.

The vision of NANTS is to ***"advance trade beyond buying and selling to a vehicle for social justice, human rights, sustainable development and poverty reduction".***

The mission of NANTS is ***"promoting trade and economic advancement, uniting and championing the rights of and cause of the Entrepreneur through strategic programmes and policy interventions."***

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