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Overview of trade and barriers to trade in West Africa:

Insights in political economy
dynamics, with particular focus on
agricultural and food trade

Avec résumé en français

by Carmen Torres and Jeske van Seters

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Key messages

The trade profile of the Economic Community Of West African States (ECOWAS) is little diversified, as the region primarily exports a limited number of raw materials and imports industrialised products and, increasingly, food items.

Intra-regional trade in ECOWAS is low, largely informal, poorly documented, and believed to be dominated by staple food. Yet, it has considerable potential to increase, in line with ECOWAS ambitions.

Actors and factors that explain formal and informal trade dynamics, as presented in this paper, will need to be taken into account when designing and implementing policies to effectively promote intra-regional trade and value chain development.

Table of Contents

Acknowledgements.....	vi
Acronyms.....	vii
Executive Summary.....	ix
Résumé analytique.....	xiii
1. Introduction.....	1
2. ECOWAS overall trade features.....	2
2.1. ECOWAS export composition and trends.....	2
2.2. ECOWAS import composition and trends.....	3
2.3. ECOWAS countries main trade products and commercial partners.....	5
2.4. ECOWAS trade balance and trends.....	10
2.5. ECOWAS intra-regional trade composition and trends.....	17
3. Spatial dimensions of ECOWAS trade, with a focus on agricultural and food trade.....	24
3.1. Trade corridors.....	24
3.2. Trade flows in the region going beyond corridors.....	27
4. Barriers to trade in ECOWAS.....	33
4.1. Ambitious regional agreements but lack of implementation.....	33
4.2. Official barriers to trade.....	34
4.3. Unofficial barriers to trade.....	35
4.4. Infrastructure and transport sector.....	38
5. Regional non-trade policies affecting trade in ECOWAS.....	39
5.1. Regional policies for agricultural development and food security.....	39
5.2. ECOWAS regional policy for industrial development.....	39
5.3. ECOWAS regional policies for infrastructure.....	40
6. Conclusion.....	41
Annex 1: UNCTAD Standard International Trade Classification.....	46
Annex 2: Trade trends in ECOWAS between 2005 and 2014.....	48
Annex 3: Estimates of informal intra-regional trade of key food staples in ECOWAS.....	57
Annex 4: Production and market flow maps for rice, maize, millet, cowpea and yam.....	60
Annex 5: Assessment of volume and value of regionally traded staple commodities (livestock, millet/sorghum and onion).....	65
Annex 6: Sorghum/millet and rice market sheds in West Africa during a normal year.....	71
Bibliography.....	73

List of Boxes

Box 1: Rice intra-regional trade dynamics in West Africa (Haggblade et al., 2012)	30
Box 2: Informal trade in West Africa (based on World Bank, 2015)	32
Box 3: Weak and sometimes competing regional institutions in West Africa	34
Box 4: Borderless Alliance road governance verification trip results (November 2015)	37
Box 5: Value-chains prioritized in regional agricultural policies (PAU and ECOWAP) and in the Regional industrial policy (WACIP)	40

List of Figures

Figure 1: ECOWAS countries food exports (in millions of USD, average 2010-2014)	3
Figure 2: ECOWAS countries food imports (in millions of USD, average 2010-2014)	5
Figure 3: ECOWAS countries trade balance (in millions of USD, average 2010-2014)	10
Figure 4: ECOWAS countries food trade balance (in millions of USD, average 2010-2014)	11
Figure 5: Evolution of ECOWAS food trade balance (in millions of USD, from 2005 to 2014)	12
Figure 6: Evolution of ECOWAS cereals imports (in millions of USD, from 1995 to 2014)	13
Figure 7: Evolution of ECOWAS meat imports (in millions of USD, from 1995 to 2014)	14
Figure 8: Evolution of ECOWAS milk imports (in millions USD, from 1995 to 2014)	14
Figure 9: Evolution of ECOWAS sugar imports (in millions of USD, from 1995 to 2014)	15
Figure 10: Evolution of ECOWAS fats and oils imports (in millions of USD, from 1995 to 2014)	15
Figure 11: Evolution of ECOWAS fish imports (in millions USD, from 1995 to 2014)	16
Figure 12: Evolution of ECOWAS top 5 intra-regional food exports (in millions of USD, in the last 10 years)	19
Figure 13: Evolution of ECOWAS top 5 intra-regional food imports (in millions of USD, in the last 10 years)	20
Figure 14: Top ECOWAS intra-regional food exporters (% of total intra-regional food exports in value, average 2010-2014)	21
Figure 15: Top ECOWAS intra-regional food importers (% of total intra-regional food imports in value, average 2010-2014)	21
Figure 16: Main trade corridors in West Africa	24
Figure 17: Trans-Sahelian (orange) and Trans-Coastal (blue) highways in West Africa	25
Figure 18: Share of transit and intra-regional trade along selected corridors	26
Figure 19: Share of transit and intra-regional trade by type of merchandise	27
Figure 20: Intra-regional trade flows of cattle, cereals, roots and tubers in ECOWAS	28
Figure 21: Production and market flow maps for livestock in West Africa	29
Figure 22: Maize trade flows in West Africa	30
Figure 23: Road harassment on West African corridors covered by the UEMOA/USAID Trade Hub Road Governance	36

List of Tables

Table 1: ECOWAS total, agricultural and food exports (in value, average 2010-2014).....	2
Table 2: ECOWAS total, agricultural and food imports (in value, average 2010-2014).....	4
Table 3: Top 5 traded products and the top 5 commercial partners for each ECOWAS member state (in value, year 2014).....	6
Table 4: ECOWAS Trade Balance (average 2010 – 2014).....	11
Table 5: Top 10 intra-regional exports and imports in ECOWAS (in value, average 2010-2014)	18
Table 6: Top 10 intra-regional food exports and imports in ECOWAS (in value, average 2010-2014)	18
Table 7: Overview of political economy factors affecting intra-regional trade.....	42

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ECDPM welcomes feedback on this paper. For question or remarks, you are invited to contact the authors Carmen Torres (ct@ecdpm.org) and/or Jeske van Seters (jvs@ecdpm.org).

¹ The paper is part of a scoping study, which has resulted in two other outputs: 1) a scoping report 'Improving the perspective for regional trade and investment in West Africa: the key to food security, economic development and stability in the region' (Lange, Dietz and Rau, 2016) and 2) an annotated bibliography based on an inventory of literature on regional integration in West Africa prepared by the African Studies Centre Leiden (De Roos, Oberst and Dietz, 2016).

Acronyms

AfDB	African Development Bank
AGIR	Global Alliance for Resilience Initiative
ATP/EATP	Agribusiness and Trade Promotion/Enhanced Agribusiness and Trade Promotion
CAADP	Comprehensive Africa Agriculture Development Programme
CEPII	<i>Centre d'Etudes Prospectives et d'Informations Internationales</i>
CET	Common External Tariff
CILSS	Permanent Interstate Committee for Drought Control in the Sahel
CNUCED	<i>Conférence des Nations Unies sur le commerce et le développement</i>
COMTRADE	United Nations Commodity Trade Statistics
ECDPM	European Centre for Development Policy Management
ECOWAP	ECOWAS Common Agricultural Policy
ECOWAS	Economic Community Of West African States
ETLS	ECOWAS Trade Liberalization Scheme
EU28	European Union 28 member countries
FAO	Food Agriculture Organization
FEWSNET	Famine Early Warning System
GDP	Gross Domestic Product
JICA	Japanese International Cooperation Agency
LDC	Least Developed Countries
MIR-PLUS	Regional Inputs Market project
MSU	Michigan State University
NEPAD	New Partnership for Africa's Development
ODI	Overseas Development Institute
OECD	Organisation for Economic Co-operation and Development
OMVG	Gambia River Basin Development Organisation
OPA	<i>Observatoire des Pratiques Anormales</i>
PAU	<i>Politique Agricole de l'Union</i>
PICAO	<i>Politique Industrielle Commune de l'Afrique de l'Ouest</i>
PIDA	Programme for Infrastructure Development in Africa
PIDA-PAP	Programme for Infrastructure Development in Africa-Programme Action Plan
PRAPS	<i>Programme Régional d'Appui au Pastoralisme au Sahel</i>
PRIDEC	<i>Programme Régional d'Investissements De l'Elevage dans les pays Côtiers</i>
PROFAB	Programme Food Across Borders
REC	Regional Economic Community
RESAKSS	Regional Strategic Analysis and Knowledge Support System
SITC	Standard International Trade Classification
SLEC	<i>Schéma de Libéralisation des Echanges</i>
SME	Small and Medium Enterprises
SWAC	Sahel and West Africa Club
TEC	<i>Tarif Extérieur Commun</i>
UEMOA	West African Economic and Monetary Union
UNCTAD	United Nations Conference on Trade and Development

UNIFEM	United Nations Development Fund for Women
USAID	United States Agency for International Development
USA	United States of America
USD	United States Dollar
WACIP	West African Common Industrial Policy

Executive Summary

This paper gives a general overview of trade figures and dynamics in the ECOWAS region with a focus on agricultural and food products. The study points to some of the overarching actors and factors that shape these regional trade flows at a broad level, in order to inform relevant stakeholders and guide more in-depth policy research.

ECOWAS exports show little product diversity, with a heavy reliance on extractive products (e.g. petroleum, natural gas) and a few agricultural commodities (e.g. cocoa, rubber, cotton). Official ECOWAS food exports represent only 10% of total exports, and almost 60% of this 10% is represented by cocoa. **ECOWAS imports are more diversified, with a high share of industrialised products (e.g. refined petroleum, vehicles, ships, telecommunications equipment) and food products (e.g. rice, wheat).** Hence, ECOWAS main trading partners are highly industrialised countries such as China, India, USA, EU countries and Brazil, which mainly buy raw materials and sell industrialised products from/to the region.

Trade figures differ considerably between West African countries. Nigeria accounts for 73,5% of total registered ECOWAS exports, primarily as a result of its petroleum exports but also due to its larger economy. The country also dominates total ECOWAS imports (52%) as well as food imports specifically (51%). The second and third economy of the region, i.e. Ghana and Côte d'Ivoire, are the main ECOWAS food exporters, largely due to cocoa, followed by Nigeria.

West Africa has a positive (overall and agricultural) trade balance, but it faces a negative food trade balance, which has been deteriorating rapidly over the last decade. Export earnings have given the region the resources to finance a growing share of imported food products (in order of importance, according to official UNCTAD statistics: rice, wheat, processed food, fish, sugar, milk products, vegetable fats and oils, tobacco, meat and vegetables). This has created **a paradoxical situation where a region with an exceptional potential for food production is importing more and more food items.** This trend can be mainly explained by the increasing purchasing power of several countries in the region as a result of commodity booms, a fast growing population that needs to be fed and changing consumption patterns following a strong urbanization movement and growing middle class. This increased and changing food demand is not met by sufficient and adequate local food supply. Even if production of main food staples has increased, it hasn't matched the faster growth in demand. This increasing food import dependency is one of the major concerns of regional and national policymakers in ECOWAS.

Food production remains constrained by issues such as poor access to key inputs, lack of secure land rights, water access limitations under erratic weather and poor development of irrigation, weak production technologies, fragmentation of smallholder producers, limited credit, and technical constraints in processing. Market access obstacles faced by West African producers and processors further hampers their competitiveness, while some imported food may flow more easily through corridors to reach main West African markets, moved by powerful importers/trading corporations. Indeed, these issues face complex challenges that relate to finance and capacity, but also political interests and incentives of the actors involved, particularly those with economic or political power.

Intra-regional trade in ECOWAS represents 8 to 13% of total ECOWAS trade according to official data, but it is estimated that approximately 75% of intra-regional trade is not accounted for in official statistics, as it takes place on an informal basis. Evidence further suggests that intra-regional trade has considerable room to grow further. This fits the ambitions of the region to step up intra-regional

trade and value chain development (through increased production and value addition), with particular emphasis on agricultural and food products, for poverty reduction and food security.

Nevertheless, **the quality of trade data poses serious challenges for designing and implementing effective policies**. Due to the informality of trade, official statistics hide many important features of the real trade patterns and dynamics in the region, which deserve to be taken into account. **Official data not only give a distorted picture on the size of intra-regional trade, but also on its composition**. Informal intra-regional trade is dominated by staple foods, in particular livestock, maize, millet and sorghum, while official intra-regional trade statistics feature crude and refined petroleum, as well as cement and other construction materials in the top-three of intra-regionally traded goods. Furthermore, women are over-represented in informal trade, compared to formal trade. While ad-hoc surveys and case studies covering informal trade provide useful insights, comparison and compilation of their results is complicated by the fact that different studies try to assess the magnitude and nature of undocumented intra-regional trade in the region, for different groups of countries and commodities. More comprehensive information on informal trade, and its drivers, is required for effective policy-making.

It is impossible to get a comprehensive overview of spatial dimensions of intra-regional trade from existing statistics and literature, not least because of its informality, but a limited set of studies indicate that **part of intra-regional trade flows through main regional corridors**. This main West African transport network (i.e. the West-East Trans-Sahelian Highway between Dakar and Ndjamena and the Trans-Coastal highway between Dakar and Lagos, and the interconnecting North – South corridors) serves extra-regional, intra-regional and national trade. The good functioning of these corridors is therefore of great importance.

However, studies also indicate that **considerable intra-regional trade flows outside these main regional corridors**. This applies to trade that occurs around border areas, where national borders separate producers and the nearby markets they serve. Furthermore, production basins of intra-regionally traded goods are not always in the direct vicinity of a corridor, as these were conceived to connect port cities with the hinterland (and not production basins with cities/markets). **Therefore, policies and programmes seeking to support intra-regional trade and food value chain development will need to take that broader perspective into account, in order to achieve objectives related to poverty reduction, food security and inclusive development**. This implies improvement of strategic secondary roads and market infrastructure in rural areas.

To explain the above dynamics of intra-regional trade in West Africa, particularly for agricultural and food products, **this paper provided insights into actors and factors that drive these dynamics**. Political economy considerations that were brought up included the following:

Overview of political economy factors affecting intra-regional trade

Political economy lenses	Examples of key issues at play
1. Structural or foundational factors	<ul style="list-style-type: none"> - Different agro-climatic conditions between and within countries, which results in sub-regional specialization with regard to agricultural production - Fast population growth, urbanization trend and growing middle class, leading to increased food demand and changing consumption patterns - Economic heterogeneity of ECOWAS, with Nigeria being the hegemon (large consumer base; relatively well developed agro-industry) - Cross-border historical, cultural, ethnic and linguistic ties and differences (e.g. Anglophone versus Francophone members of ECOWAS; informal trade driven by social networks based on shared ethnicity, geographical origin, etc.) - Several regional institutions with overlapping membership and mandates (ECOWAS, UEMOA, CILSS)
2. Formal and informal rules of the game	<ul style="list-style-type: none"> - High regional ambitions and policy frameworks to facilitate intra-regional trade and strengthen regional value chains, including processing for value addition (e.g. ETLs, CET, ECOWAP, WACIP) - Implementation of regional commitments at national level lags behind, so that many tariff and non-tariff barriers remain, including both formal and informal trade restrictive methods - Lack of ECOWAS enforcement mechanisms for the application of regional commitments by member states - Duplication of regional policies (e.g. two existing agricultural regional policies: ECOWAP for ECOWAS countries and PAU for UEMOA countries, which are also ECOWAS members)
3. Actors, agency and incentives	<ul style="list-style-type: none"> - Ruling elites often pursue short-term national interests seeking political survival, rather than implementing regional commitments (e.g. export bans, import quotas, etc.) - Powerful private sector actors block key reforms and regional initiatives (e.g. food importers of rice; trucking cartels) when not in their interests; or work with political elites to shape policies - Rent-seeking by officials (e.g. custom officers, police) through roadblocks and border bribes, leading to long and costly delays - Weakest actors in the value chain stay in the informal sector due to high costs and lack of incentives to formalize (e.g. smallholders, small and medium enterprises, traders, many of whom are women) - Public and private stakeholders lack information about regional customs and trade provisions
4. Subsector specific technical and political characteristics	<ul style="list-style-type: none"> - Development of specific value chains constrained by issues such as the nature of the crop (e.g. suitable for plantation or not), poor access to key inputs, lack of secure land rights, weak production technologies, fragmentation of smallholder producers and limited credit and markets access - Value chain-specific trade routes, as well as infrastructure and transport needs (e.g. cold chains) - Value chain-specific actors, and numbers of separate stages in the value chain, with different characteristics and interests (e.g. rice importers)
5. Exogenous factors	<ul style="list-style-type: none"> - Climate change - Terrorism - Price fluctuations of commodities (e.g. petroleum) - Diseases outbreaks (e.g. Ebola) - Donor finance and support - Continental processes and commitments

Such political economy factors will need to be taken into account when designing and implementing policies to effectively promote intra-regional trade and value chain development.

Trade differs considerably depending on the value chain concerned, with regard to the patterns and size of flows, the actors involved and their incentives, the potential impact of policy change and/or formalization of the value chain for different value chain actors, among other factors. Therefore, **deeper understanding of strategic/relevant value chain dynamics would be important** to further inform policy dialogues and guide effective interventions.

To contribute to this, ECDPM, together with its partners, will conduct further value-chain specific analytical work and facilitate multi-stakeholder policy dialogue, with due attention for political economy factors and particular focus on rice, livestock and horticulture. Amongst other things, this will be key to understand the key actors and factors and their potential role in driving or undermining regional efforts to turn ‘transit corridors’ into ‘transformation and development corridors’. Given that this study has pointed out that regional infrastructure corridors currently only connect ports with the hinterland, mostly serving imports into West African (and exports of few agricultural commodities), how can connections with the food production basins be improved to strengthen intra-regional food trade? Given the need and ambition in the region to enhance processing, how can this be promoted through corridors? Given the importance of informal trade, how can corridor initiatives promote gradual formalisation, to the benefit of vulnerable value chain actors, in particular those operating currently in the informal sector?

Political economy analysis and facilitation of frank policy dialogue are needed to answer these questions and move forward these important debates. ECDPM is keen to continue working with West African and international partners, to provide further insights and contribute to **coherence and coordination across trade, agriculture, infrastructure and value-chain initiatives to promote sustainable and inclusive development.**

Résumé analytique

Ce document donne un aperçu général de la dynamique commerciale et des chiffres du commerce de la CEDEAO (Communauté économique des États de l'Afrique de l'Ouest), en s'intéressant plus particulièrement aux produits alimentaires et agricoles. Notre étude désigne certains acteurs et facteurs primordiaux déterminant ces échanges régionaux sur un plan général, en vue d'informer les parties prenantes et d'orienter des recherches politiques plus poussées.

Les exportations de la CEDEAO se caractérisent par une faible diversité des produits, une forte dépendance à l'égard des produits d'extraction (pétrole et gaz naturel, par exemple) ainsi que par un nombre restreint de produits agricoles de base (cacao, caoutchouc et coton, par exemple). Les produits alimentaires officiellement exportés par la CEDEAO ne représentent que 10% de l'ensemble des exportations, le cacao représentant à lui seul près de 60% de ces 10%. **Les importations de la CEDEAO sont plus diversifiées, et constituées en grande partie de produits manufacturés (pétrole raffiné, véhicules, bateaux, équipements de télécommunication, par exemple) et de denrées alimentaires (riz, blé, par exemple).** Il s'ensuit que les principaux partenaires commerciaux de la CEDEAO sont des pays fortement industrialisés comme la Chine, l'Inde, les États-Unis, les pays de l'UE et le Brésil, qui achètent essentiellement des matières premières à la région et lui vendent des produits industrialisés.

Les chiffres du commerce varient grandement d'un pays ouest-africain à l'autre. Le Nigeria représente 73,5% de l'ensemble des exportations enregistrées par la CEDEAO, du fait principalement de ses exportations de pétrole mais aussi de sa taille économique. Ce pays domine les importations de la CEDEAO tant dans leur globalité (52%) que sur le plan spécifique des denrées alimentaires (51%). Les deuxième et troisième économies de la région, c'est-à-dire, le Ghana et la Côte d'Ivoire, sont les principaux exportateurs de produits alimentaires de la CEDEAO, essentiellement grâce au cacao, suivis par le Nigeria.

L'Afrique de l'Ouest affiche une balance commerciale positive (tant globalement que dans le secteur agricole en particulier), mais une balance commerciale négative sur le plan des produits alimentaires, avec une dégradation rapide des chiffres au cours des dix dernières années. Grâce à ses recettes à l'exportation, la région dispose de ressources pour financer une part croissante de produits alimentaires importés (par ordre d'importance, d'après les statistiques officielles de la CNUCED : le riz, le blé, les préparations alimentaires, le poisson, le sucre, les produits laitiers, les huiles et graisses végétales, le tabac, la viande et les légumes). La CEDEAO se retrouve dès lors dans **cette situation paradoxale où, nonobstant son formidable potentiel de production alimentaire, elle importe de plus en plus d'aliments.** Cette tendance s'explique par divers facteurs: l'explosion des prix de certains produits de base, qui s'est traduite par une augmentation du pouvoir d'achat de plusieurs pays de la région, une population en augmentation rapide qu'il faut bien nourrir et un fort mouvement d'urbanisation accompagné d'un élargissement de la classe moyenne qui entraînent des changements dans les schémas de consommation. L'offre alimentaire locale ne peut répondre ni de manière suffisante ni de manière adéquate à cette demande alimentaire supplémentaire et évolutive. Bien que le niveau de production des aliments de base ait augmenté, il ne suit pas encore le rythme de croissance de la demande. Cette dépendance de plus en plus forte à l'égard des importations alimentaires est devenue l'une des principales préoccupations des décideurs politiques nationaux et régionaux de la CEDEAO.

Divers problèmes **handicapent la production alimentaire** : le piètre accès aux intrants de base, le manque de sécurisation des droits fonciers, un accès à l'eau limité dans des conditions météorologiques irrégulières, le faible développement de l'irrigation, des techniques de production à faible productivité, la fragmentation des petits producteurs, un accès au crédit limité, et des contraintes techniques sur le plan de

la transformation. Les obstacles rencontrés par les producteurs et les transformateurs ouest-africains au niveau de l'accès au marché affectent leur compétitivité, alors que certains aliments importés, pris en charge par de puissantes sociétés commerciales ou importateurs, peuvent circuler plus facilement via les principaux couloirs de transport transfrontaliers et inonder les principaux marchés d'Afrique de l'Ouest. Ces questions s'inscrivent en effet dans des problématiques complexes liées à la finance et aux capacités, mais aussi aux incitations et aux intérêts politiques des acteurs concernés, en particulier ceux qui disposent d'un pouvoir économique ou politique.

D'après les données officielles, les échanges intra-régionaux représenteraient entre 8 et 13% de l'ensemble du commerce de la CEDEAO, mais on estime que trois-quarts des échanges intra-régionaux, qui s'effectuent sur une base informelle, ne sont pas comptabilisés dans les statistiques officielles. Les éléments probants que nous avons recueillis nous portent à croire que les échanges intra-régionaux disposent d'une marge de développement considérable. Cela correspond d'ailleurs aux ambitions de la région, laquelle entend accélérer les échanges intra-régionaux et le développement des filières (par une production accrue et un développement des activités de transformation), en mettant plus particulièrement l'accent sur les produits agricoles et alimentaires, dans le cadre de la réduction de la pauvreté et de l'accroissement de la sécurité alimentaire et nutritionnelle.

La qualité des données commerciales apparaît en revanche comme un sérieux écueil à l'élaboration et à la mise en œuvre de politiques efficaces. Vu la nature informelle des échanges, les statistiques officielles occultent de nombreux traits caractéristiques des véritables dynamiques et structures du commerce à l'œuvre dans la région, alors qu'ils mériteraient d'être pris en compte. **Les données officielles donnent une image déformée non seulement du volume des échanges intra-régionaux, mais aussi de leur composition.** Les échanges intra-régionaux informels sont dominés par les produits alimentaires de base, comme le bétail, le maïs, le millet et le sorgho. Les statistiques officielles du commerce intra-régional classent le pétrole brut et raffiné, le ciment ainsi que d'autres matériaux de construction aux trois premières places des biens échangés au sein de la région. Le commerce informel emploie plus de femmes que le secteur commercial formel. Autant les enquêtes ad-hoc et les études de cas afférentes au commerce informel livrent des informations utiles, autant la comparaison et la compilation de leurs résultats s'avèrent compliquées du fait que chacune d'elles s'évertue à évaluer l'ampleur et la nature des échanges intra-régionaux non recensés pour différents groupes de pays et produits de base. Il faudrait disposer d'une information plus complète sur le commerce informel, et ses facteurs déterminants, pour pouvoir prendre des décisions efficaces.

Les statistiques et la littérature existantes ne permettent pas de brosser un tableau complet de la dimension spatiale des échanges intra-régionaux, du fait notamment de leur caractère informel. Une poignée d'études affirment néanmoins **qu'une partie des flux commerciaux intra-régionaux emprunte les artères de transport transfrontalières (couloirs de transport).** Ce réseau de transport ouest-africain (constitué de l'autoroute trans-sahélienne reliant Dakar à N'Djamena d'ouest en est, de l'autoroute trans-côtière reliant Dakar à Lagos, et de couloirs d'interconnexion reliant le nord au sud) joue un rôle essentiel dans le commerce national, extra-régional et intra-régional. Leur bon fonctionnement est donc crucial.

Les études montrent également **d'importants flux d'échanges intra-régionaux en dehors des principaux couloirs de transport régionaux.** C'est le cas des échanges effectués près des zones frontalières, lorsque la frontière sépare les producteurs des marchés de proximité qu'ils desservent. En outre, les bassins de production des marchandises échangées au niveau intra-régional ne se trouvent pas forcément à proximité d'un couloir de transport, ceux-ci ayant été conçus pour relier les villes portuaires à l'arrière-pays (et non les bassins de production aux villes ou aux marchés). **Les politiques et les**

programmes visant à soutenir les échanges intra-régionaux et le développement des filières vont par conséquent devoir tenir compte de cette perspective plus large pour atteindre les objectifs afférents à la réduction de la pauvreté, à la sécurité alimentaire et au développement inclusif. Ceci suppose, entre autres, une amélioration des routes secondaires stratégiques et des infrastructures de marché dans les zones rurales.

Pour expliquer la dynamique des échanges intra-régionaux en Afrique de l'Ouest, s'agissant en particulier des produits agricoles et alimentaires, **ce document s'est employé à mieux cerner les acteurs et les facteurs au cœur de cette dynamique.** Divers éléments d'économie politique ont été pris en considération ; une partie d'entre eux sont repris dans le tableau ci-après:

Aperçu des facteurs d'économie politique ayant une incidence sur les échanges intra-régionaux

Prismes d'économie politique	Exemples d'enjeux fondamentaux
1. Facteurs structurels ou fondamentaux	<ul style="list-style-type: none"> - Conditions agro-climatiques différentes d'un pays à l'autre ou au sein d'un même pays, conduisant à une spécialisation sous-régionale de la production agricole - Démographie galopante, tendance à l'urbanisation et classe moyenne en expansion, d'où une demande alimentaire en augmentation et des changements dans les schémas de consommation - Hétérogénéité économique de la CEDEAO, le Nigeria étant le principal élément d'hégémonie (large base de consommateurs; agro-industrie relativement bien développée) - Différences et liens historiques, culturels, ethniques et linguistiques transfrontaliers (membres à la fois anglophones et francophones au sein de la CEDEAO ; commerce informel impulsé par des réseaux sociaux fondés sur une même appartenance ethnique, origine géographique, etc.) - Plusieurs organisations régionales qui se chevauchent (CEDEAO, UEMOA, CILSS)
2. Règles formelles et informelles du jeu	<ul style="list-style-type: none"> - Des ambitions régionales fortes et des cadres politiques pour faciliter les échanges intra-régionaux et renforcer les filières régionales, en passant notamment par la transformation pour apporter une plus-value (exemples: SLEC, TEC, ECOWAP, PICA0) - La mise en œuvre des engagements régionaux au plan national ayant pris du retard, de nombreuses barrières tarifaires et non-tarifaires subsistent, au rang desquelles des mesures restreignant les échanges formels et informels - Absence de mécanismes régionaux efficaces pour obliger ses États membres à tenir leurs engagements régionaux - Duplication de politiques régionales (par exemple, deux politiques agricoles régionales, l'ECOWAP pour les pays de la CEDEAO et la PAU pour les pays de l'UEMOA, qui sont aussi membres de la CEDEAO)
3. Acteurs, capacité d'agir et incitants	<ul style="list-style-type: none"> - Plutôt que de tenir leurs engagements régionaux, les élites au pouvoir préfèrent souvent défendre des intérêts nationaux à court terme de manière à assurer leur survie politique (exemples: interdictions d'exportation, quotas d'importation, etc.) - De puissants acteurs du secteur privé bloquent des réformes et des initiatives régionales cruciales (exemples: importateurs de riz ; cartels de camionneurs) lorsqu'elles ne répondent pas à leurs intérêts, ou ils définissent les politiques avec les élites au pouvoir - Fonctionnaires (exemples: agents de douanes, agents de police) en quête de revenus complémentaires via des barrages routiers et des pots-de-vin à la frontière, ce qui conduit à de longs et coûteux retards - Les acteurs les plus faibles de la filière restent dans le secteur informel à cause des coûts élevés et du manque d'incitation financière à entrer dans le secteur formel (exemples: petits exploitants, petites et moyennes entreprises, commerçants, qui pour la plupart sont des femmes) - Les parties prenantes publiques et privées ne sont pas suffisamment au courant des dispositions douanières et commerciales régionales
4. Caractéristiques politiques et techniques propres aux sous-secteurs	<ul style="list-style-type: none"> - Le développement de filières spécifiques est entravé par diverses problématiques, dont la nature des cultures (par exemple, si elles conviennent ou non à la plantation), le piètre accès aux intrants de base, le manque de sécurisation des droits fonciers, des techniques de production médiocres, la fragmentation des petits producteurs, le crédit et l'accès au marché limités - Besoin de routes commerciales propres aux filières, et en matière de transport et d'infrastructures (chaînes du froid, par exemple) - Des acteurs spécifiques à la filière, et des chiffres pour chacune des étapes de la filière, avec des caractéristiques et des intérêts différents (importateurs de riz, par exemple)
5. Facteurs exogènes	<ul style="list-style-type: none"> - Changement climatique - Terrorisme - Fluctuations des prix des produits de base (le pétrole, par exemple) - Épidémies (Ébola, par exemple) - Financement et appui des donateurs - Engagements politiques au niveau continental

Ces facteurs d'économie politique doivent être pris en compte dans l'élaboration et la mise en œuvre des politiques visant à promouvoir effectivement les échanges intra-régionaux et le développement des filières. La nature du commerce varie considérablement d'une filière à l'autre, en fonction notamment, mais pas exclusivement, des structures et des volumes des échanges, des acteurs concernés et des incitations auxquelles ils font face, des répercussions potentielles d'un changement de politique et/ou de la formalisation de la filière pour ses différents intervenants. Il s'ensuit qu'**une connaissance plus approfondie des dynamiques à l'œuvre dans les filières pertinentes et stratégiques s'avère cruciale** pour éclairer les dialogues politiques et guider des interventions efficaces.

C'est dans cette optique que l'ECDPM, avec l'aide de ses partenaires, poursuivra un travail d'analyse des filières et facilitera un dialogue politique multi-acteurs, en accordant aux facteurs d'économie politique l'attention qu'ils méritent, et en s'intéressant plus particulièrement aux filières riz, bétail et horticulture. Cette démarche sera cruciale, notamment pour comprendre qui sont les acteurs et les facteurs clés, et quel peut être leur effet d'entraînement ou de ralentissement sur les efforts déployés au plan régional afin de muer les « couloirs de transit » en « couloirs de transformation et de développement ». Cette étude ayant montré que les couloirs de transport ne servaient pour l'instant qu'à relier les ports à l'arrière-pays et à acheminer les produits importés par l'Afrique de l'Ouest (plus quelques produits agricoles exportés), comment améliorer les connexions avec les bassins de production de denrées alimentaires afin de renforcer les échanges alimentaires intra-régionaux ? Comment, au travers ces « couloirs », accompagner la région dans son ambition et son besoin d'améliorer le secteur de la transformation agro-alimentaire ? Vu l'importance du commerce informel, comment des initiatives se rattachant à ces couloirs pourraient-elles promouvoir une formalisation progressive des filières, au profit des leurs intervenants vulnérables, et en particulier de ceux qui relèvent actuellement du secteur informel ?

L'analyse de l'économie politique et la facilitation d'un dialogue politique franc et honnête sont nécessaires pour répondre à ces questions et faire avancer le débat. Aux côtés de ses partenaires ouest-africains et internationaux, l'ECDPM poursuivra ces travaux pour apporter de nouveaux éclairages et contribuer à la **cohérence et à la coordination des initiatives prises en matière de commerce, d'agriculture, d'infrastructure et de filières afin de promouvoir un développement durable et inclusif en Afrique de l'Ouest.**

1. Introduction

Trade is crucial for economic growth and food security. West Africa² has huge potential for trade both in global and intra-regional terms (e.g. as a result of its natural resource endowment, agricultural potential, intra-regional complementarities).

However, most of the documented trade figures show that the region relies for revenues on the **export of a limited number of specific raw materials** (petroleum, natural gas, rubber, cacao, cotton, etc.). This poorly diversified trade has not been conducive to economic transformation and development. Food imports are on the rise, resulting in an increasingly negative food trade balance.

Intra-regional trade takes place, but is mainly informal and generally considered to be well below its potential. Further enhancing intra-regional trade is believed to be key for sustainable development and food security, as indicated in key regional policy frameworks. This stems from the fact that it creates opportunities for economies of scale and allows food to flow from food abundant to food deficit areas. Furthermore, borders often separate production areas from the nearest market.

West Africa is home to one-third of the continent's population. The challenge of food security is particularly acute in this region, with **some of the world's fastest growing populations and fast urbanization trends, climate vulnerability, conflicts and political instability, etc.**

Hence, **strong reasons exist to bring a more strategic focus on promoting intra-regional trade, but there is limited knowledge about the magnitude and directions of trade flows in the region.** This is not only due to the fact that most of this trade is informal (and therefore not captured by official statistics), but also to the strong limitations of data supplied from national customs (absence of data, misreporting, differences between reporting of imports and exports, capture of only a small portion of total trade).

This paper gives a general **overview of trade figures and dynamics in the ECOWAS region with a focus on agricultural and food products.** The study points to some of the overarching actors and factors that shape these regional trade flows at a broad level, in order to inform relevant stakeholders and guide more in-depth policy research.³

The paper draws on official statistics and available studies on ECOWAS trade to give an overall view of trade in the region, **focusing on the magnitude, the spatial dynamics and the major drivers and constraints of intra-regional trade of agricultural and food commodities.** It also reviews the most important regional policies that intend to promote West African trade and agricultural development for food security, and focus on the main challenges for their implementation.

² This study focuses on ECOWAS Regional Economic Community. The two dominant regional organisations in West Africa are UEMOA (*Union Économique et Monétaire Ouest-Africaine*) and ECOWAS (Economic Community of West African States). ECOWAS was formed in 1975 with all the eight UEMOA member states (Senegal, Côte d'Ivoire, Mali, Niger, Benin, Togo, Burkina Faso, Guinea-Bissau) plus the major trading countries (Nigeria and Ghana), as well as Cape Verde, Gambia, Guinea, Liberia and Sierra Leone, for a total of ECOWAS 15 member states.

³ This goes beyond analysis of *what* is taking place, to understanding *why* it is taking place. The approach used here is based on the "Five Lenses Framework for analysing the Political Economy in Regional Integration" proposed by Byiers, B. et al. (2015). It implies we look throughout this study at context specific interactions between: (i) foundational or structural factors, (ii) formal and informal institutions, (iii) actors, agency and incentives, (iv) the sector or sub-sector-specific governance characteristics, and (v) the external drivers and how these interact with the domestic and regional political economy. The more relevant political economy features are included in each section to provide insights on the drivers and constraints to regional trade and related policies (and their implementation).

2. ECOWAS overall trade features

2.1. ECOWAS export composition and trends

ECOWAS total exports show very little product diversity, with a heavy reliance on extractive products (petroleum, natural gas, gold) and a few agricultural commodities (cocoa, rubber, cotton), as can be seen in Table 1. There is in particular a strong reliance on petroleum, which is by far the top ECOWAS export (61%). Cocoa is by far the top exported agricultural product, accounting for 44% of total agricultural exports and 59% of total food exports. ECOWAS food exports represent only 10% of total exports, and almost 60% of this 10% is represented by cocoa. The weight of extractive products in exports affect political calculations within and between countries in the region, while reliance on extractive revenues is often associated with complicated governance relations between governments and citizens.

The European Union is an important trading partner of ECOWAS, as Table 1 also shows. EU Member States absorb 32% of ECOWAS total exports. As such, it is the most important export destination for the region. The European Union cover 43% of ECOWAS' agricultural exports, and 48% of its food exports.

Table 1: ECOWAS total, agricultural and food exports (in value, average 2010-2014)

Total exports	143.360 million USD	Total agricultural exports⁴	19.594 million USD (14% of total exports)	Total food⁵ exports	14.777 million USD (10% of total exports)
Percentage exported to EU28	32%	Percentage exported to EU28	43%	Percentage exported to EU28	48%
Top 10 exports	Percentage of total exports	Top 10 agricultural exports	Percentage of total agricultural exports	Top 10 food exports	Percentage of total food exports
Petroleum crude	61%	Cocoa	44%	Cocoa	59%
Natural gas	7%	Natural rubber and gums	11%	Fruits and nuts	12%
Cocoa	6%	Cotton	11%	Oilseeds and oleaginous fruits	4%
Petroleum 70% oil	6%	Fruits and nuts	9%	Live animals	4%
Gold	3%	Oilseeds and oleaginous fruits	3%	Fixed vegetable fats and oils	3%
Natural rubber and gums	2%	Live animals	3%	Fish	3%
Cotton	1%	Fixed vegetable fats and oils	2%	Tobacco	2%
Fruits and nuts	1%	Fish	2%	Coffee	2%
Propane and butane (liquefied)	1%	Tobacco	2%	Crustaceans	2%
Ships and floating structures	1%	Coffee	1%	Edible products and preparations	2%

Source: <http://unctadstat.unctad.org/>

Note: Official UNCTAD names of merchandises shortened for clarity purposes. The figures include extra-regional and intra-regional exports

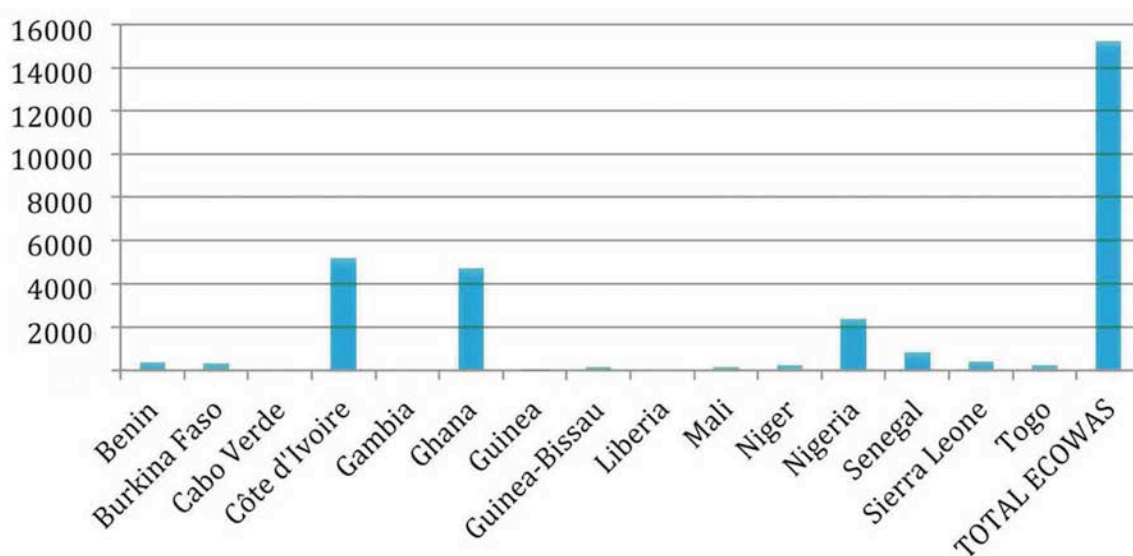
⁴ Agricultural products = Agricultural raw materials [(SITC 2 less 22, 27 and 28) less 24 and 25 (forestry products)] + All food items (SITC 0 + 1 + 22 + 4) according to SITC Rev. 3 (Annex 1)

⁵ Food products = All food items (SITC 0 + 1 + 22 + 4) according to SITC Rev. 3 (Annex 1)

When unpacking official export data further, it reveals **huge disparities between West African countries**. Nigeria accounts for 73,5% of total ECOWAS exports, primarily as a result of its petroleum exports but also due to its larger economy. It is followed by Ghana and Côte d'Ivoire, which represent only 8% of total exports each. ECOWAS agricultural exports are mainly led by Nigeria and Côte d'Ivoire, which account for 50% of the total agricultural commodities exports of the region. Côte d'Ivoire and Ghana are the main ECOWAS food exporters largely due to cocoa, followed by Nigeria (Figure 1).⁶

As these figures suggest, there has been only very limited economic transformation away from historically important export products.

Figure 1: ECOWAS countries food exports (in millions of USD, average 2010-2014)



Source: <http://unctadstat.unctad.org/>

2.2. ECOWAS import composition and trends

ECOWAS imports are more diversified than exports, but are nevertheless dominated by a select number of products, as can be seen in Table 2. The top three imports are crude and refined petroleum and cars, representing 20% of total imports. The top three agricultural and food products imported are rice, wheat and edible preparations, which represent 42% of the total food imported in the region.

The European Union is the most important trading partner of ECOWAS, also when it comes to imports. It covers 28% of ECOWAS imports, 23% of its agricultural imports, and 22% of its food imports.

⁶ The main agriculture and food exporting countries have different export specialization, with some overlap. Côte d'Ivoire's main agricultural and food exports are cocoa, natural rubber and gums, fruits and nuts and fixed vegetables fats and oils. Ghana's main agricultural and food exports are cocoa, fruits and nuts and fish. Nigeria's main agricultural and food exports are natural rubber and gums, cocoa, oilseeds and oleaginous fruits, milk and milk products

Table 2: ECOWAS total, agricultural and food imports (in value, average 2010-2014)

Total imports	102.754 million USD	Total agricultural imports	19.320 million USD (19% of total imports)	Total food imports	18.066 million USD (18% of total imports)
Percentage imported from EU28	28%	Percentage imported from EU28	23%	Percentage imported from EU28	22%
Top 10 imports	Percentage of total imports	Top 10 agricultural imports	Percentage of total agricultural imports	Top 10 food imports	Percentage of total food imports
Petroleum 70% oil	12%	Rice	16%	Rice	17%
Motor vehicles for transport of persons	4%	Wheat	12%	Wheat	13%
Petroleum crude	4%	Edible products and preparations	12%	Edible products and preparations	12%
Rice	3%	Fish	9%	Fish	9%
Ships and floating structures	3%	Sugar	8%	Sugar	8%
Telecommunications equipment	2%	Milk	6%	Milk	6%
Wheat	2%	Fixed vegetable fats and oils	5%	Fixed vegetable fats and oils	5%
Edible products and preparations	2%	Tobacco	2%	Tobacco	2%
Motor vehicles for transport of goods	2%	Meat	2%	Meat	2%
Medicaments	2%	Prepared/preserved vegetables	2%	Prepared/preserved vegetables	2%

Source: <http://unctadstat.unctad.org/>

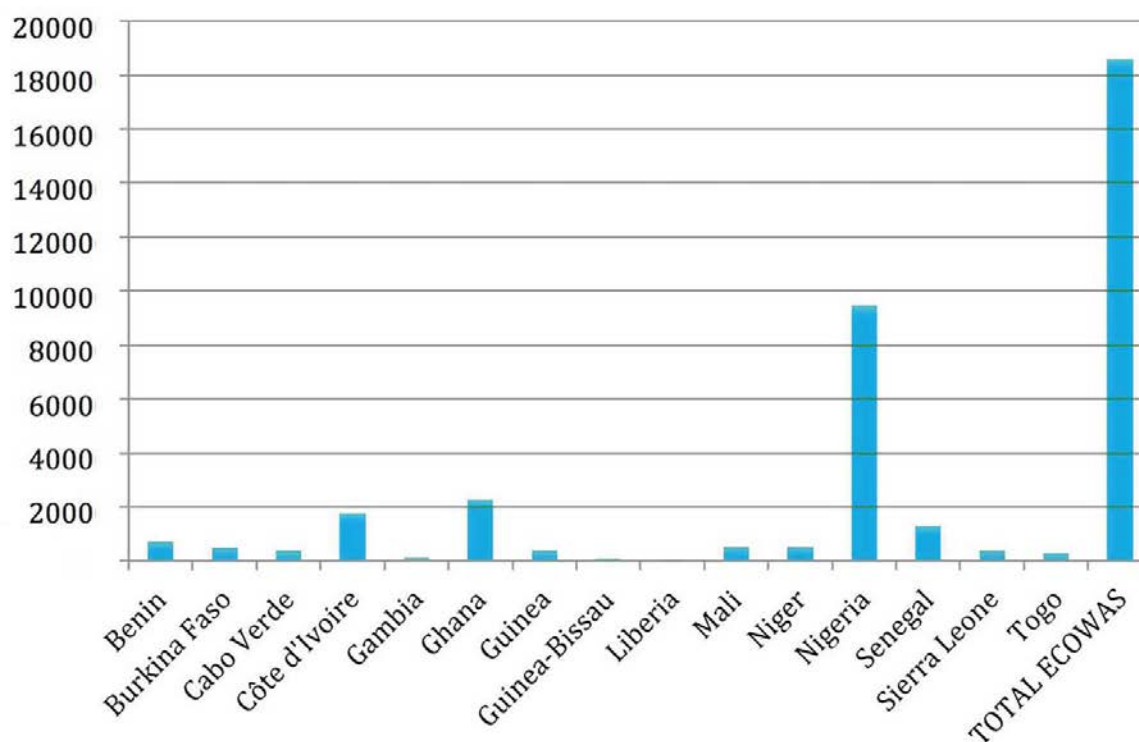
Note: Official UNCTAD names of merchandises shortened for clarity purposes. The figures include extra-regional and intra-regional exports

Huge disparities between ECOWAS member states exist, as in the case of exports. Nigeria absorbs 52% of total imports and 54% of agricultural imports. Nigeria is also by far the largest food importer in the region (51% of total food imports), see Figure 2.⁷ This is not surprising, given that Nigeria's GDP represents 65,2% of total ECOWAS GDP (2003-2012 annual average).⁸

These broad regional trade characteristics help explain the growing regional emphasis placed on import substitution of cereals, highlighted in the ECOWAP (see also Chapter 5 on regional policies), given further urgency by declining oil prices for Nigeria in particular.

⁷ Côte d'Ivoire's main agricultural and food imports are rice, fish and wheat. Ghana's main agricultural and food imports are rice, sugar and meat and meat preparations. Nigeria's main agricultural and food imports are Wheat, edible products and preparations, rice.

⁸ See <http://www.resakss.org/region/ecowas>

Figure 2: ECOWAS countries food imports (in millions of USD, average 2010-2014)

Source: <http://unctadstat.unctad.org/>

Before moving to the trade balance and trends in Section 2.4 (giving a dynamic picture), the next section drills down into ECOWAS member trade patterns in more detail.

2.3. ECOWAS countries main trade products and commercial partners

We now further dive into country specificities. Table 3 presents the top five traded products and the top five commercial partners for each ECOWAS member state.⁹ It also shows the percentage they represent (in value). Data is for year 2013 and comes from The Observatory of Economic Complexity.¹⁰

⁹ The table presents the top five trade products and the top five commercial partners independently. E.g. Brazil is the third most important export partner of Nigeria, it is not necessarily the main export partner for Nigeria's refined petroleum.

¹⁰ <http://atlas.media.mit.edu/en/>

Table 3: Top 5 traded products and the top 5 commercial partners for each ECOWAS member state (in value, year 2014)

Country	Top 5 exports	% of total exports	Top 5 export destinations	% of total exports	Top 5 imports	% of total imports	Top 5 import origins	% of total imports
Nigeria	Crude petroleum	79%	India	13%	Refined petroleum	18% ¹¹	China	22%
	Petroleum gas	11%	USA	11%	Cars	3,5%	USA	11%
	Refined petroleum	3,2%	Brazil	10%	Wheat	2,7%	NL	6,7%
	Cocoa beans	0,59%	Spain	7,4%	Rolled tobacco	2,5%	Belgium-Lx	5,8%
	Ships	0,49%	NL	5,4%	Ships	1,9%	India	5,1%
Ghana	Gold	30%	Iran	17%	Ships	10%	China	19%
	Cocoa beans	27%	South Africa	17%	Refined petroleum	4,6%	Côte d'Ivoire	12%
	Crude petroleum	19%	U.A.E.	8,9%	Cars	4,2%	USA	6,5%
	Ships	3,2%	Switzerland	6,6%	Delivery trucks	2,9%	Belgium-Lx	5,9%
	Cocoa paste	2,1%	France	6,1%	Rice	2,6%	India	4,5%
Côte d'Ivoire	Cocoa beans	20%	Ghana	13%	Ships	21%	Nigeria	21%
	Ships	13%	Germany	8%	Crude petroleum	21%	France	11%
	Refined petroleum	12%	France	7,7%	Rice	3,7%	China	11%
	Crude petroleum	7,1%	NL	7,3%	Frozen fish	3,2%	Bahamas	11%
	Rubber	7%	USA	7,2%	Cars/Medicaments	1,9%	Angola	5,1%
Senegal	Frozen fish	16%	India	10%	Refined petroleum	25%	China	12%
	Phosphoric acid	7,2%	France	9,9%	Crude petroleum	7,8%	France	11%
	Mollusks	4,8%	Côte d'Ivoire	8,1%	Rice	5,2%	Netherlands	11%
	Ships	4,5%	Spain	7,1%	Woven cotton	2%	Nigeria	7,8%
	Fresh fish	4,1%	Congo	6,2%	Malt	1,9%	Belgium-Lx	7,4%
Mali	Raw cotton	60%	China	27%	Refined petroleum	12%	France	16%
	Fertilizers	13%	India	14%	Woven cotton	5,7%	Côte d'Ivoire	14%
	Oily seeds	5,5%	Burkina Faso	14%	Medicaments	5,3%	China	11%
	Gold	3,6%	Vietnam	11%	Motorcycles	2,8%	Burkina Faso	6,9%
	Iron	3%	Indonesia	7,9%	Wheat	2,7%	Germany	5,5%

¹¹ 24% imported from The Netherlands

Country	Top 5 exports	% of total exports	Top 5 export destinations	% of total exports	Top 5 imports	% of total imports	Top 5 import origins	% of total imports
Burkina Faso	Gold	56%	Switzerland	51%	Refined petroleum	20%	France	10%
	Raw Cotton	20%	China	6,6%	Medicaments	4,2%	Côte d'Ivoire	9,6%
	Refined petroleum	7,5%	Mali	6,4%	Rice	2,5%	China	8,9%
	Oily seeds	4,5%	South Africa	5,3%	Trucks	2,4%	Netherlands	6,7%
	Coconuts and nuts	2,1%	Indonesia	3%	Fertilizers	2,4%	USA	5,8%
Benin	Raw Cotton	25%	China	18%	Rice	14%	China	21%
	Coconuts and nuts	12%	India	17%	Ships	13%	USA	20%
	Gold	9,5%	Nigeria	8%	Cars	7,5%	India	9,1%
	Rough wood	6,7%	Lebanon	7,8%	Palm Oil	4,6%	Thailand	6,1%
	Ships	4,2%	Vietnam	5,8%	Poultry meat	4,4%	France	5,6%
Guinea	Aluminium	43%	India	31%	Refined petroleum	26%	China	25%
	Crude petroleum	35%	South Korea	9,2%	Rice	4,1%	Netherlands	21%
	Frozen fish	5,1%	Spain	9%	Footwear	3,5%	UK	6,9%
	Gold	4,3%	Ukraine	6,7%	Motorcycles	3,2%	India	6,1%
	Petroleum gas	2,7%	Ireland	6,7%	Wheat flours	2,4%	France	4,7%
Niger	Rolled tobacco	43%	Nigeria	52%	Rice	8,5%	China	19%
	Radioactive chemicals	30%	France	26%	Cars	4,7%	France	11%
	Refined petroleum	12%	Burkina Faso	4,6%	Medicaments	4,4%	India	6,1%
	Uranium and Thorium	4,3%	USA	4%	Cement	3,5%	Togo	5,6%
	Gold	1,8%	South Korea	3,5%	Excavation machinery	3,3%	USA	5,1%
Togo	Gold	14%	Ghana	12%	Refined petroleum	49%	Belgium-Lx	20%
	Cement	13%	Lebanon	12%	Motorcycles	2,4%	China	19%
	Calcium phosphates	8,4%	Burkina Faso	10%	Petroleum coke	1,9%	Netherlands	9,6%
	Refined petroleum	7,2%	Benin	9,3%	Woven cotton	1,8%	USA	9%
	Ships	4,3%	India	7%	Palm oil	1,6%	France	5,8%

Country	Top 5 exports	% of total exports	Top 5 export destinations	% of total exports	Top 5 imports	% of total imports	Top 5 import origins	% of total imports
Sierra Leone	Iron	77%	China	81%	Rice	7,6%	China	12%
	Titanium	8,3%	Belgium-Lx	2,4%	Refined petroleum	6,7%	UK	9,3%
	Cocoa beans	2%	USA	1,9%	Medicaments	3,3%	India	9%
	Rough wood	1,6%	France	1,5%	Construction vehicles	3,2%	South Africa	7,9%
	Aluminium	1,5%	Romania	1,5%	Excavation machinery	3,2%	Belgium-Lx	7,1%
Liberia	Iron	32%	Poland	33%	Ships	50%	South Korea	57%
	Ships	29%	China	12%	Special purpose ships	17%	China	15%
	Rubber	17%	USA	8,3%	Refined petroleum	12%	Poland	5,5%
	Special purpose ships	4%	Spain	7,1%	Rice	2,1%	India	3%
	Rough wood	3,2%	France	5,8%	Iron	0,84%	USA	2,5%
Guinea Bissau	Coconuts and nuts	69%	India	48%	Refined petroleum	19%	Portugal	42%
	Frozen fish	22%	Vietnam	22%	Rice	11%	India	7,5%
	Rough wood	3,2%	Ghana	16%	Cement	4%	Spain	5,4%
	Animal meal	2,3%	Togo	5,3%	Palm oil	3,1%	China	5,3%
	Iron	1,9%	China	5,1%	Beer	3%	Netherlands	4,6%
Gambia	Artificial filament yarn woven fabric	29%	China	30%	Woven cotton	18%	China	31%
	Rough wood	26%	Mali	17%	Rice	6%	Brazil	8,9%
	Coconuts and nuts	16%	Guinea	15%	Raw sugar	4,7%	India	7,6%
	Titanium	4,1%	India	14%	Refined petroleum	4%	UK	4%
	Iron	2%	Senegal	7,9%	Palm oil	3,2%	Indonesia	4%
Cape Verde	Sea vessels	38%	Congo	38%	Refined petroleum	19%	Portugal	37%
	Frozen fish	25%	Spain	37%	Rice	3,1%	Netherlands	19%
	Processed fish	19%	Portugal	9,8%	Cement	2,5%	Spain	7,9%
	Footwear parts	3,9%	India	2,7%	Concentrated milk	2,1%	Belgium-Lx	5,6%
	Iron	2,1%	Italy	2,7%	Wheat	2,1%	China	4,7%

Source: The Observatory of Economic Complexity (data for year 2013)

Even considering only the top five exports, the analysis per country shows sub-regional specialisation in ECOWAS with regard to agricultural production, determined in part by different agro-climatic conditions in the region (like the access to water):

- Coastal western countries (Senegal, Gambia, Guinea, Guinea-Bissau, Cape Verde) have amongst their 5 top exports **fish, mollusks, coconuts and nuts**
- Land-locked countries (Mali, Burkina Faso) have amongst their five top exports **oily seeds and cotton**
- Coastal southern countries (Nigeria, Ghana, Côte d'Ivoire) have **cocoa and cocoa products** amongst their five top exports

The overview also gives further evidence that ECOWAS countries exports rely on **raw materials** that are processed elsewhere, and often come back to the region as **processed and high value-added products**. The Netherlands, for instance, is among the top 5 Nigerian commercial partners, as it imports crude petroleum mainly from Nigeria, and 24% of the refined petroleum imported by Nigeria comes from the Netherlands. Indeed, ECOWAS main trading partners are **highly industrialised countries such as** China, India, USA, EU countries and Brazil, which buy from the region raw materials and sell back industrialised products (cars, ships, trucks, motorcycles, medicaments, etc.)

This country-specific data also confirms the importance of the imports of cereals, noted in the previous section. Two food commodities frequently appear among ECOWAS top 5 import commodities: **rice** and **wheat**. Rice is present amongst the five top import commodities in almost all ECOWAS countries¹², while wheat is one of top 5 imports in four countries. This data explains the strong interest of ECOWAS in developing a regional rice value-chain. In this context, a specific Regional Rice Offensive has been launched under the framework of the regional agricultural policy (ECOWAP).

As regards *trading partners*, the table shows that despite some similarities, ECOWAS countries have a diversity of trade partners for a given commodity. Institutional, political and economic drivers influence the choice of trading partners by countries in the same geographical area and sharing significant socioeconomic similarities. For instance, the **colonial heritage** is evident. All francophone countries have France (and all lusophone countries have Portugal) as one of the top 5 commercial partners

Within the region, **intra-regional trade is higher between francophone countries**. For instance, Senegal, Côte d'Ivoire, Mali, Burkina Faso, Niger and Togo have at least one ECOWAS francophone country among their top 5 trade partners. The historical connectedness and more sub-regional integration in UEMOA zone may have facilitated trade between francophone countries

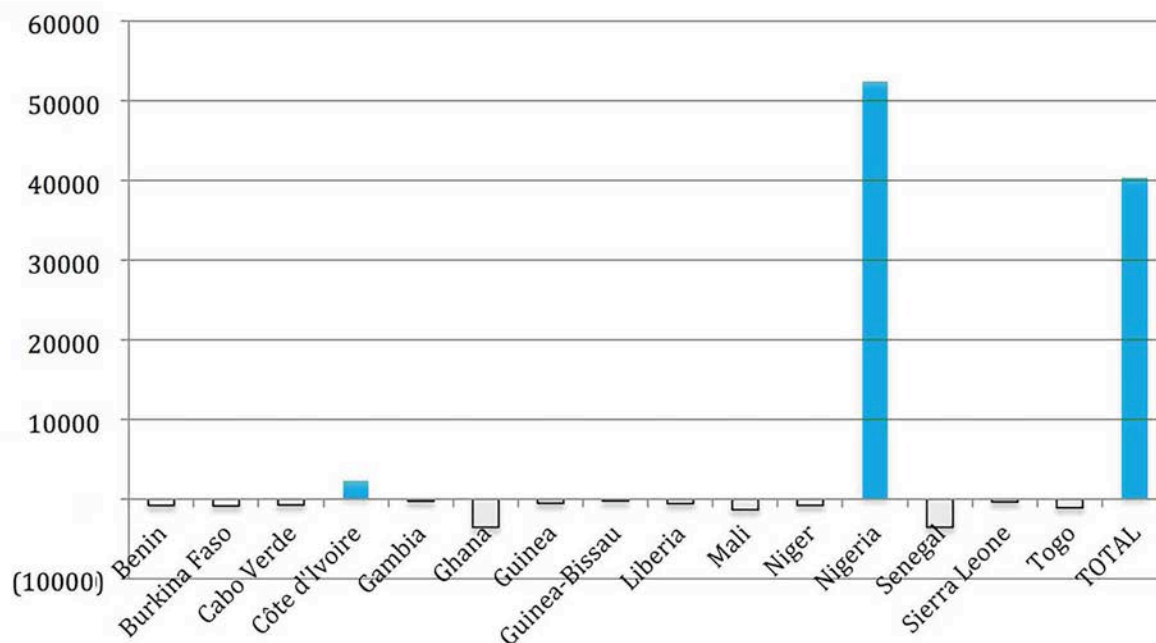
Intra-regional trade also reflects the considerable **economic heterogeneity of ECOWAS members**, and the schism between the majority of LDCs in the region and the stronger economies. Indeed, the strongest economies in the region, Nigeria (the economic hegemon in the region), Ghana, Côte d'Ivoire and Senegal, are important trade partners, despite "the well known antagonism between English-speaking and French-speaking West Africa" (Metzger, 2008 cited by Engel, J., Jouanjean, M.A., 2015)

¹² It's not the case for Nigeria, but this may be due to the non-registered flows of rice that enter Nigeria through Benin and Niger (for these two countries, rice appears as the top imported product)

2.4. ECOWAS trade balance and trends

The overall ECOWAS trade balance (average 2010-2014) shows a surplus of 40,61 billion USD, which is mainly due to Nigerian’s petroleum exports. By excluding petroleum’s exports, the balance shows a deficit of approximately 50 billion USD. Huge disparities exist amongst ECOWAS countries, and only two countries present a positive average trade balance for the period 2010-2014: Nigeria and Côte d’Ivoire.

Figure 3: ECOWAS countries trade balance (in millions of USD, average 2010-2014)



Source: <http://unctadstat.unctad.org/>

The analysis of the general trends in global exports and imports, agricultural exports and imports, and food exports and imports in the region (presented in Annex 2) shows that non-agricultural exports, mainly **petroleum** (but also natural gas, gold) and also some agricultural products, in particular **cocoa** (but also rubber, cotton, fruits and nuts) have given the region a constantly positive trade balance (mainly explained by the commodity boom experienced in the last decade), despite the region’s traditionally high share of imports in industrialized products, vehicles, telecommunication equipment, medicaments and others.

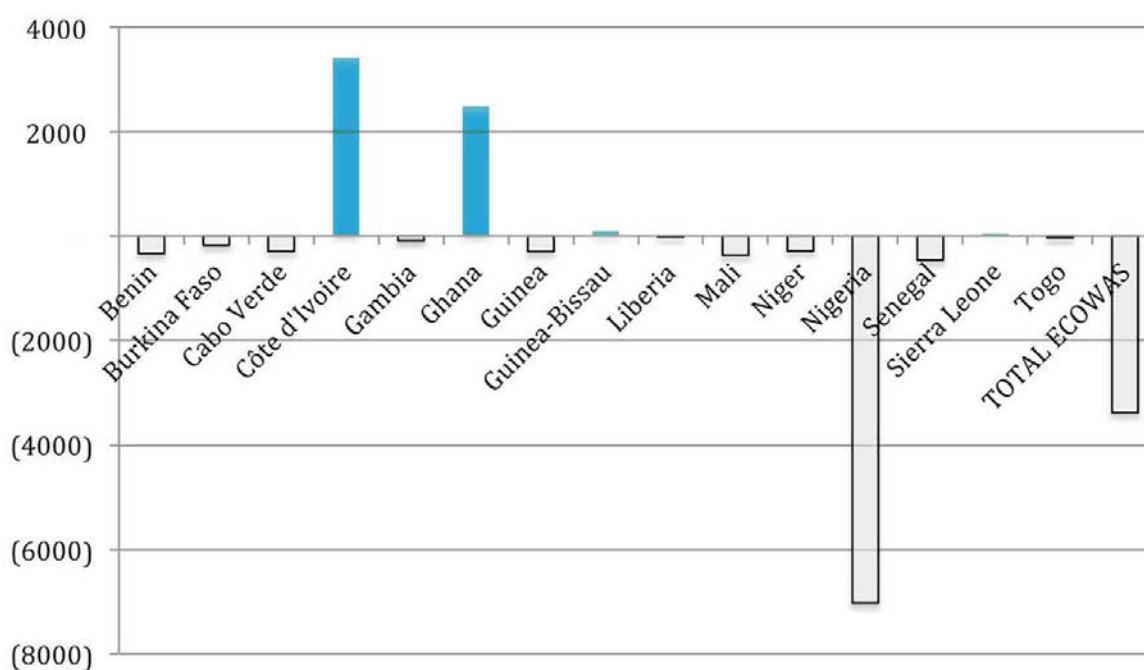
ECOWAS’ agricultural trade balance is positive (0,27 billion USD), but this is mainly due to non-food exports (rubber, cotton). By contrast, the food trade balance (excluding non food products like rubber and cotton) is negative and amounts to -3,29 billion USD, as summarized in Table 4.¹³

¹³ The ECOWAS trade balance with EU28 is positive: 16,77 billion USD surplus for total trade balance; 3,99 billion USD surplus for agriculture trade balance; 2,99 billion USD surplus for food trade balance. But these positive balances rely on a small range of products: petroleum represents 65% of total ECOWAS exports to EU28, and cocoa represents 65% of agriculture exports and 78% of food exports.

Table 4: ECOWAS Trade Balance (average 2010 – 2014)

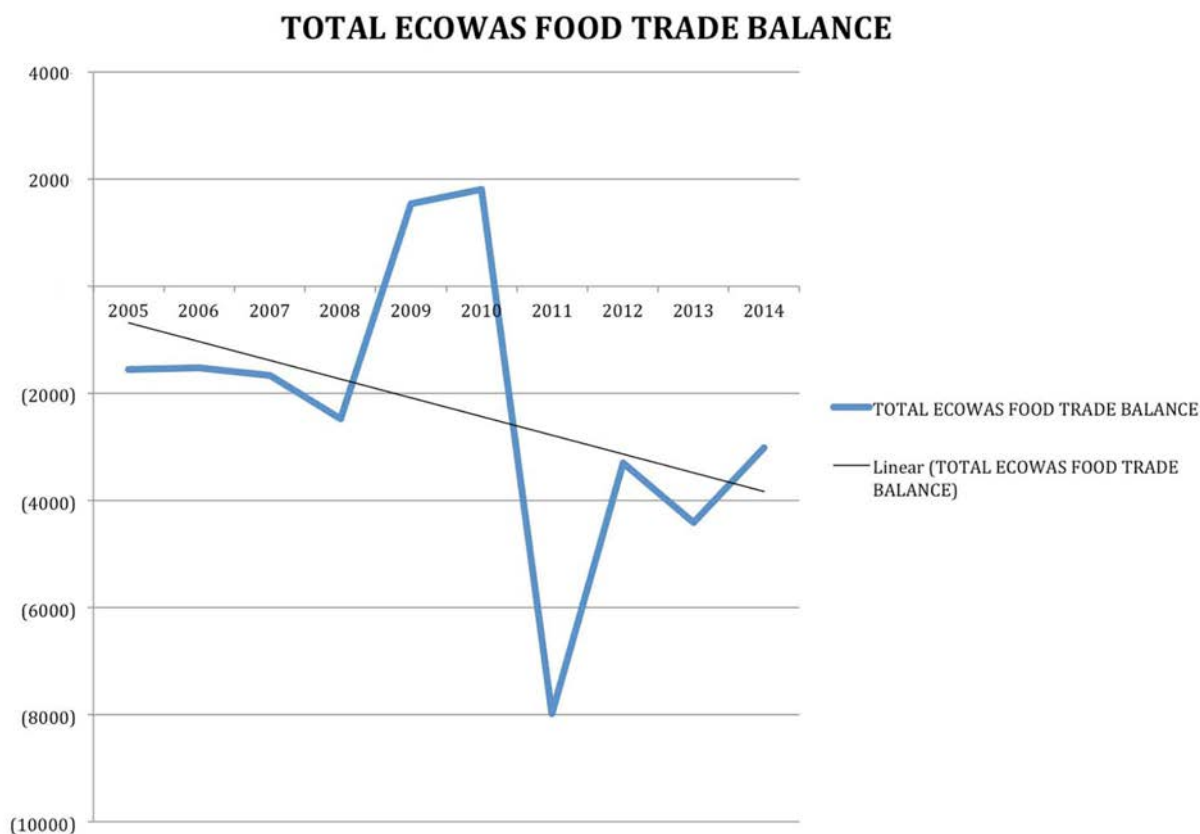
Trade balance	Value (billion USD)
Total	40,61
Agriculture	0,27
Food	- 3,29

The ECOWAS food trade deficit would be much higher (nearly 4 times the current deficit) if we didn't consider cocoa exports, which account for approximately 8,7 billion USD of total food exports of the region. The ECOWAS food trade deficit is mainly due to Nigeria, which has a negative food balance of approximately -7 billion USD and absorbs 51% of the total food imports of the region. Only four countries in the region have a positive food trade balance, larger in Côte d'Ivoire and Ghana (mainly due to cocoa exports) and smaller in Guinea-Bissau and Sierra Leone (Figure 4).

Figure 4: ECOWAS countries food trade balance (in millions of USD, average 2010-2014)

Source: <http://unctadstat.unctad.org/>

ECOWAS food trade deficit has been increasing in the last 10 years, with only two years (2009 and 2010) with positive food trade balance according to official statistics (Figure 5).

Figure 5: Evolution of ECOWAS food trade balance (in millions of USD, from 2005 to 2014)

Source: <http://unctadstat.unctad.org/>

Note: "Linear" represents the trend line of ECOWAS food trade balance between 2005 and 2014

Export earnings have given the region the resources to finance **a growing share of imported food products** (in order of importance, according to official UNCTAD statistics: **rice, wheat, processed food, fish, sugar, milk products, vegetable fats and oils, meat, vegetables and other cereals**). This has created a paradoxical situation where a region with an exceptional potential for food production¹⁴ is **importing more and more food products**. This trend can be mainly explained by the increasing purchasing power of several countries in the region as a result of commodity booms, a fast growing population that needs to be fed and changing consumption patterns following a strong urbanization movement and growing middle class (World Bank, 2015). This increased and changing food demand is not met by sufficient and adequate local food supply. Even if production of many food products has increased, it hasn't matched the faster growth in demand.

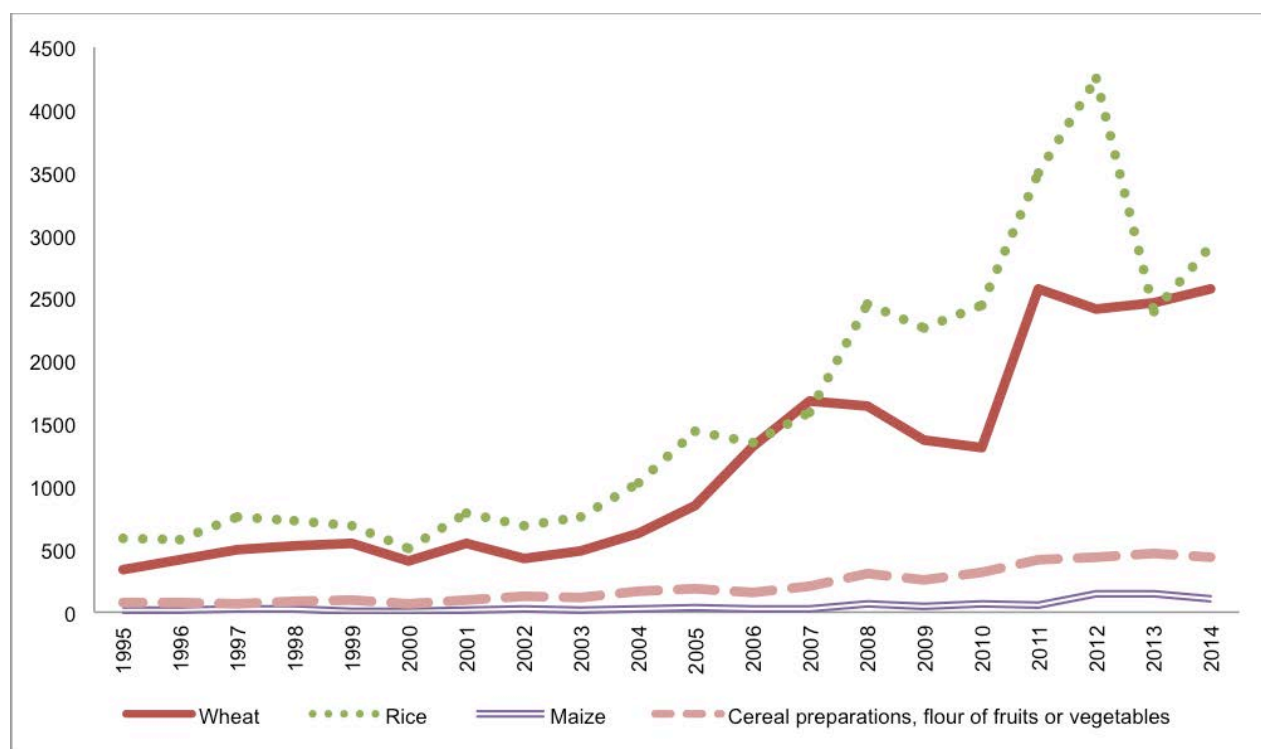
Food production remains constrained by issues such as **poor access to key inputs, lack of secure land rights, water access limitations under erratic weather and poor development of irrigation, weak production technologies, fragmentation of smallholder producers, limited credit and markets access and technical constraints in processing**. Each of these issues faces complex challenges that relate to finance and capacity, but also political interests and incentives of the actors involved, particularly those with economic or political power.

¹⁴ According to RESAKSS, ECOWAS as a whole, compared to the other seven Regional Economic Communities (RECs), makes up a significant proportion of Africa's economy: 18.5% of total Gross Domestic Product (GDP) on average in 2003–2012. However, the REC makes up a substantially larger proportion of Africa's agricultural sector: 40% of total agricultural GDP on average in 2003–2012. (<http://www.resakss.org/region/ecowas>)

Resulting relatively low yields also hamper competitiveness compared to large global exporters (European Union, United States, Brazil, etc.). For example, average regional yields of all of West Africa’s staple cereal crops (maize, rice, millet, and sorghum) are estimated to be **less than 1.5 metric ton per hectare** (Nin-Pratt et al. 2011, cited by World Bank, 2015), while yields of more than 8 metric ton per hectare are achieved in other regions. Market access obstacles faced by West African producers and processors further hampers their competitiveness, when imported food flows more easily through corridors to reach main West African markets, moved by powerful importers/trading corporations.

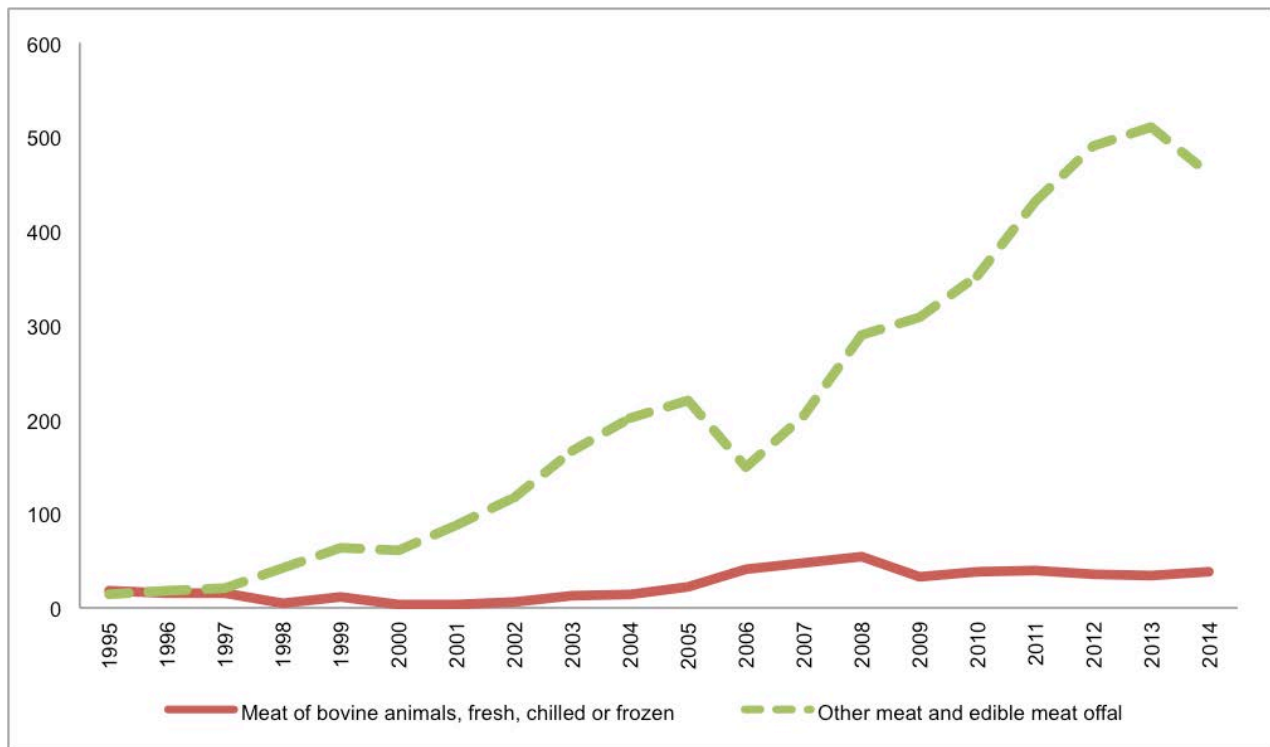
The figures below show the food products that have experienced the most dramatic increase in imports (intra-regional and extra-regional) in recent years, especially in the last decade, notably cereals, meat, milk, sugar, fats and oils and fish, driving the deteriorating food balance.

Figure 6: Evolution of ECOWAS cereals imports (in millions of USD, from 1995 to 2014)



Source: <http://unctadstat.unctad.org/>

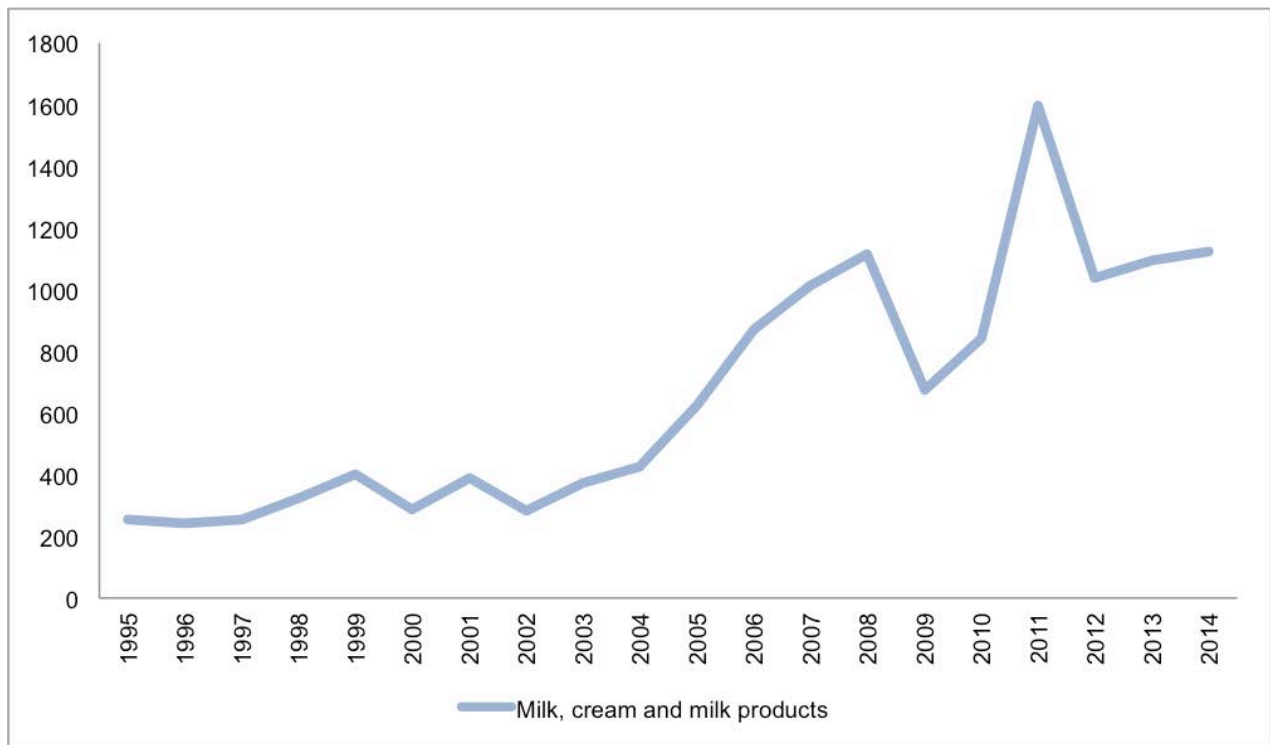
Figure 7: Evolution of ECOWAS meat imports (in millions of USD, from 1995 to 2014)



Source: <http://unctadstat.unctad.org/>

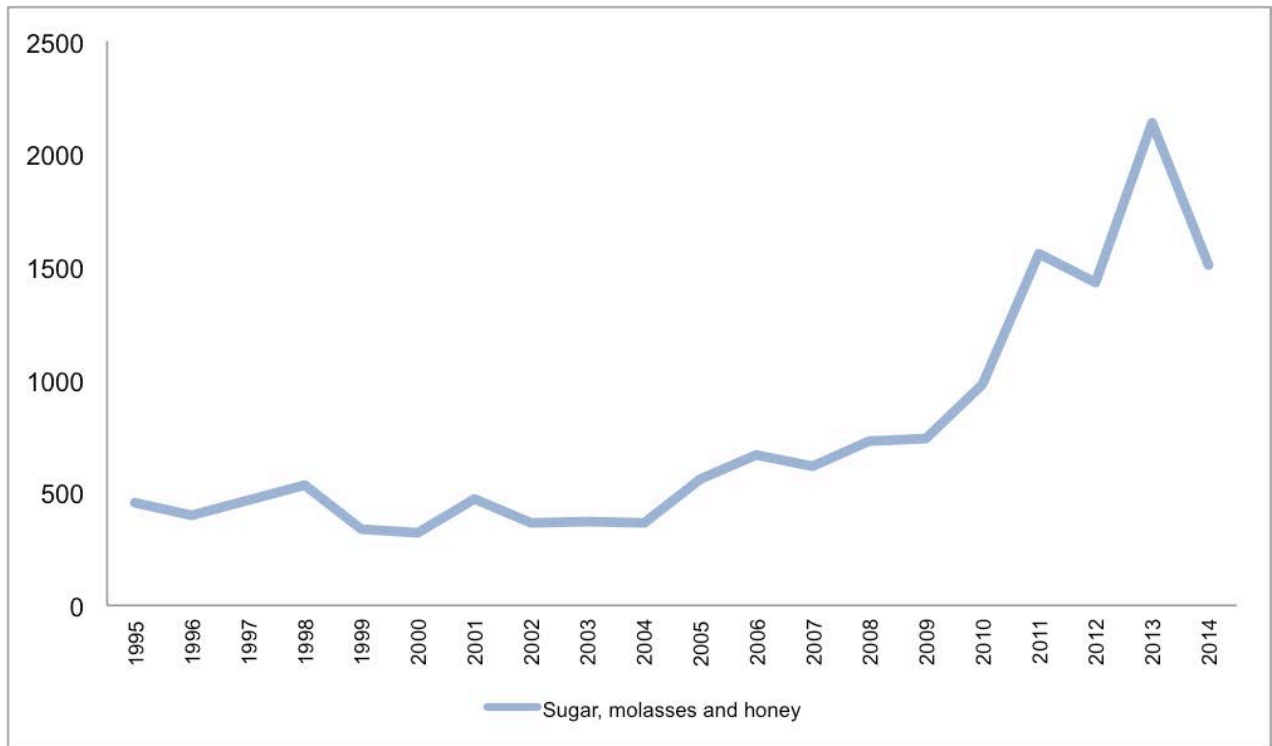
Note: "Other meat and edible meat offal" category reflects poultry meat imports.

Figure 8: Evolution of ECOWAS milk imports (in millions USD, from 1995 to 2014)



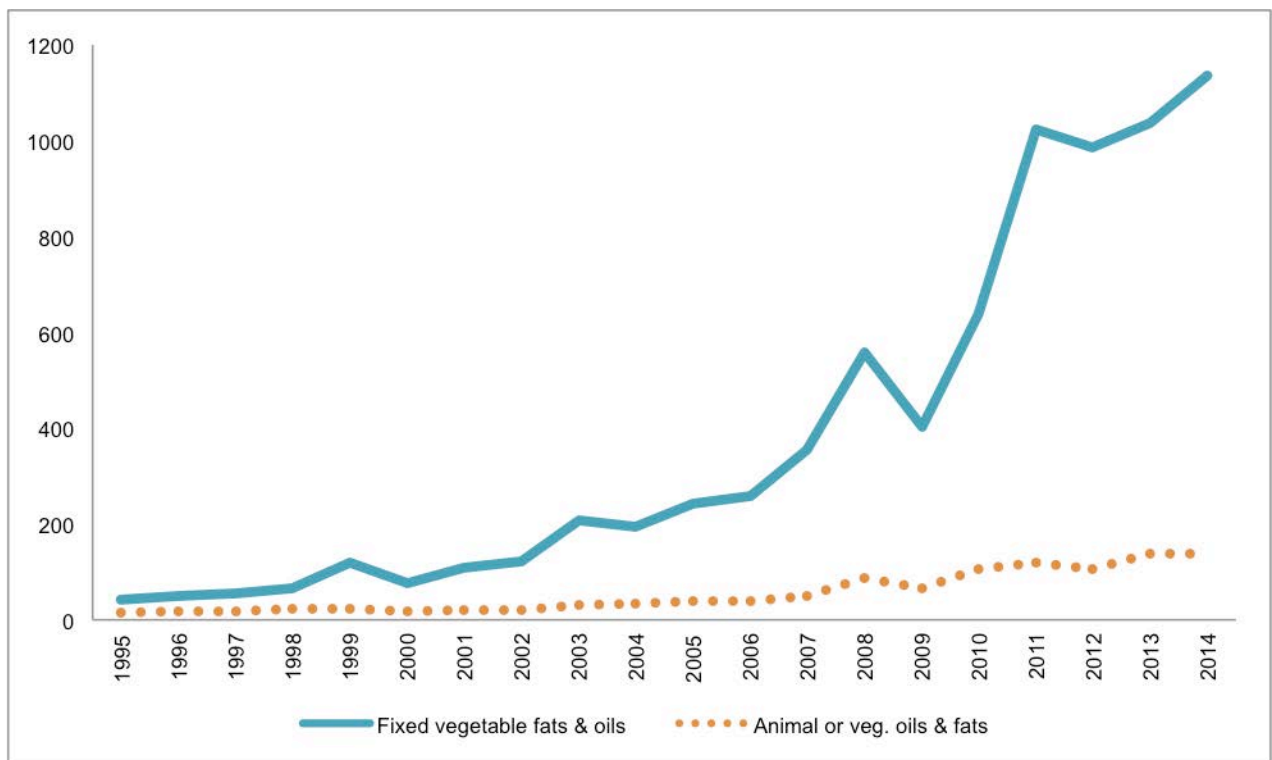
Source: <http://unctadstat.unctad.org/>

Figure 9: Evolution of ECOWAS sugar imports (in millions of USD, from 1995 to 2014)

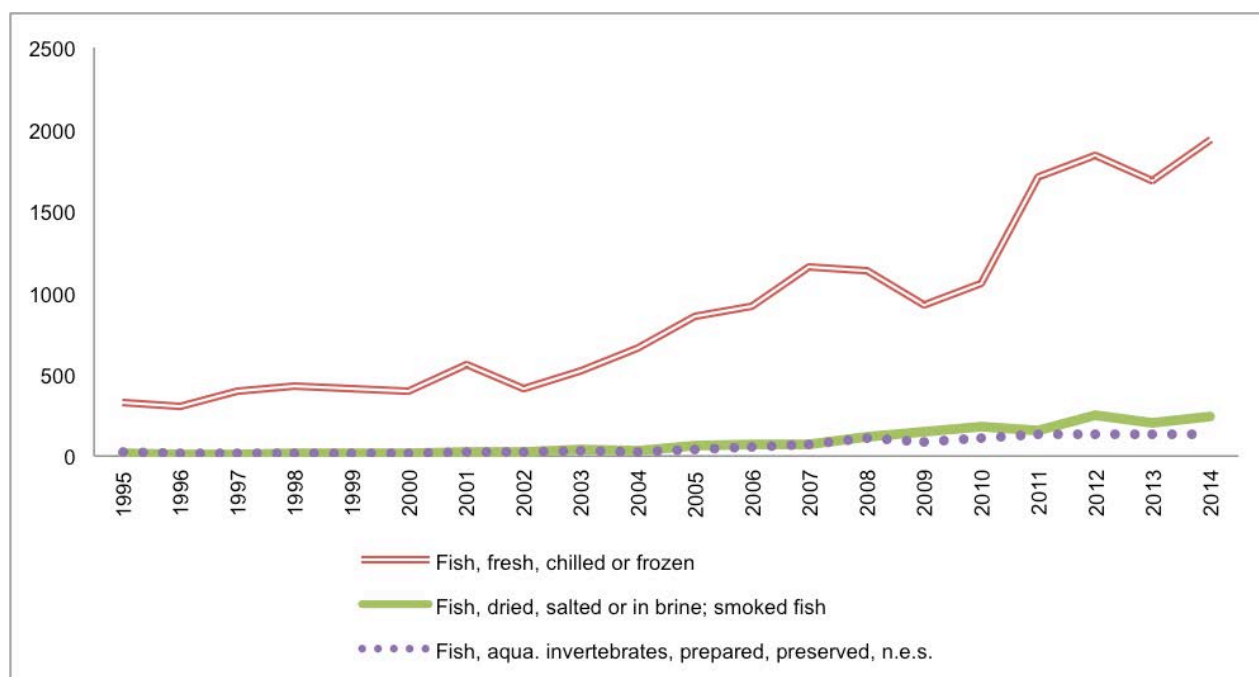


Source: <http://unctadstat.unctad.org/>

Figure 10: Evolution of ECOWAS fats and oils imports (in millions of USD, from 1995 to 2014)



Source: <http://unctadstat.unctad.org/>

Figure 11: Evolution of ECOWAS fish imports (in millions USD, from 1995 to 2014)

Source: <http://unctadstat.unctad.org/>

According to the Observatory of Economic Complexity and the data presented above, these food imports are mainly imported from outside the region:

- **Rice** mainly from Thailand, India, Vietnam and the USA;
- **Wheat** mainly from USA, Canada, Australia and France;
- **Poultry meat** mainly from Brazil, USA, Netherlands and France;
- **Milk and milk products** mainly from the Netherlands, New Zealand, USA and Ireland;
- **Fish** mainly from the Netherlands, Denmark, China and Chile (and to a lesser extent from Guinea-Bissau, Guinea and Senegal);
- **Palm oil** mainly from Indonesia, Malaysia (and to a lesser extent from Côte d'Ivoire and Togo);
- **Sugar** mainly from Brazil and the USA.

This increasing dependency in food products is one of the major concerns of regional and national policymakers in ECOWAS and therefore one of the highest priorities of regional and national policies, as will be discussed in the following sections of this study (in particular, the regional agricultural policies and the regional industrial policy have prioritized the development of these value-chains). A particular concern driving these policies is **the increasing dependency on food staples (cereals and meat)** that supply the largest fraction of energy (and nutrients) needs of West African households, and the **increasing demand for food products non-traditionally produced and consumed in the region¹⁵**, like **wheat, certain varieties of rice and fish, lower-value parts of chicken** (the higher-value parts are mainly exported by large global exporters to developed markets) **and processed/convenient industrialized food products**.

The political economy dynamics behind ECOWAS increasing food dependency are complex. Unarguably, food production in the region is insufficient to meet the increasing demand. Nevertheless, this is a too simplistic explanation for the trend of rising extra-regional food imports. Important power relations also shape the supply and demand of food in ECOWAS. Imports are dominated by a few large-scale traders, and most of

¹⁵ In ECOWAS, rice, followed by maize and cassava, provides the main source of calories in coastal countries, while millet and sorghum are an important source of food in Sahelian countries (Haggblade et al. 2012)

them are believed to be connected to the ruling elites, as stated by many interviewed stakeholders in the region. A study financed by USAID (2010), cited by the World Bank (2015), suggests that the rice import sector is dominated by oligopolies. In each of the six countries surveyed (The Gambia, Guinea, Guinea-Bissau, Mali, Mauritania, and Senegal), the top five or six firms concentrate between 81 percent and 95 percent of the volume of imports. In Ghana, the top five importers accounted for 77 percent of imports in 2008 and increased their market share over 2004–08 (Campbell and others 2009, cited by WB, 2015). Food imports in West Africa enter through the region's coastal ports and are shipped by trucks to their final destination. The importers regularly also act as wholesalers and, in some cases, have their own distribution networks. Some importers such as Louis Dreyfus operate regionally in several countries. **These large importers/distributors/wholesalers are benefiting from ECOWAS deteriorating food trade balance.**

Additionally, in the absence of effective regional food markets and competitive local value-chains, **urban consumers, especially the poorest ones, may benefit from better availability and affordability of food through extra-regional food imports.** According to the World Bank (2015), the governments exert pressure on private importers and distributors to maintain prices at relatively low levels for urban consumers, and **“the concentration of actors in the import sector raises the issue of whether imports are competitively priced** (the authorities provide incentives to keep prices low for food security purposes) **and questions the likelihood of the development of a competitive private sector in those value chains and the possibilities of abuse of market power in related markets”**¹⁶ (WB, 2015).

Based on these current trade trends, and taking into account the importance of intra-regional trade for economic growth, poverty alleviation and food security, it is of utmost importance to analyse **existing and potential intra-regional trade flows** in the region, especially for food staples. All the more so since intra-regional trade of food staples in ECOWAS is believed to be highly **informal and undocumented**, and therefore already playing a much more important socio-economic role than revealed by official statistics. In the following sections, this study will review official statistics for informal trade, and also compile available information from studies on informal undocumented intra-regional trade (which concern mainly food staples).

2.5. ECOWAS intra-regional trade composition and trends

Formal intra-regional trade

According to the UNCTAD database, intra-regional trade in ECOWAS represents **8 to 11%** of total ECOWAS trade.¹⁷ This share has not significantly changed in the past 10 years.

However, many experts indicate that official data underestimate intra-regional trade volumes, as it does not include informal trade, which accounts for the major share of trade between ECOWAS countries. Recent surveys conducted by USAID for several food staples estimate that between **66% and 80%** of intra-regional staple food trade is **not accounted for in official statistics** (World Bank, 2015). The quality of trade data poses serious challenges for the validity of any analysis based on this imperfect and incomplete information.

¹⁶ According to the World Bank (2015), “interventions in the market such as rice subsidies are designed to keep the price of rice at a low level, but the cost of those interventions for the national community is high. Apart from their budgetary cost, those measures are the source of inefficiencies in the allocation of resources. They first penalize local rice farmers, who suffer from competition from cheap imported rice. They are a source of rents for authorized traders to import rice, and they encourage informed traders to speculate by buying subsidized low-cost rice for later resale at profit. The measures are also the origin of trafficking in re-exported subsidized rice to neighboring countries. Finally, the measures benefit only a limited number of consumers, mainly those in the major urban centers, and maintain consumers' dependence on rice consumption.”

¹⁷ This represents the average of the last 5 years as calculated with UNCTAD export data (8%) and import data (13%).

An additional issue is the occurrence of misreporting and inconsistencies. For instance, if we look at official UNCTAD data of intra-regional trade composition, the intra-regional **export** data available is different from the intra-regional **import** data (Table 5). This difference in reporting is probably due to differences in countries' recording of trade transactions, caused by differences in accuracy of reporting, time lags, custom valuations etc. This difference between reporting of ECOWAS intra-regional exports and imports is also found using UN Comtrade database, as reported by the World Bank (2015).

Table 5: Top 10 intra-regional exports and imports in ECOWAS (in value, average 2010-2014)

Top 10 intra-regional EXPORTS		Top 10 intra-regional IMPORTS	
Petroleum (crude)	35%	Petroleum (crude)	38%
Petroleum (70% oil)	19%	Petroleum (70% oil)	18%
Cement and other construction materials	4%	Cement and other construction materials	4%
Ships and floating structures	3%	Ships and floating structures	3%
Perfumery and other hygiene articles	2%	Tobacco	2%
Live animals	2%	Fixed vegetables fats and oils	2%
Tobacco	2%	Perfumery and other hygiene articles	2%
Fixed vegetables fats and oils	2%	Edible products and preparations	1%
Articles of plastic	2%	Liquid propane and butane	1%
Liquid propane and butane	1%	Articles of plastic	1%

Source: <http://unctadstat.unctad.org/>

Table 5 shows that, apart from tobacco, **livestock** and **vegetable fats and oils** are the only food products that appear among the top ten intra-regional exports, while **vegetable fats and oils** and **processed food** are the only food items that appear among the top ten intra-regional imports. When singling out food products, as done in Table 6, it reveals that **livestock, tobacco, vegetable fats and oils, processed food and fish** are the five main intra-regionally traded food products, according to official data.

Table 6: Top 10 intra-regional food exports and imports in ECOWAS (in value, average 2010-2014)

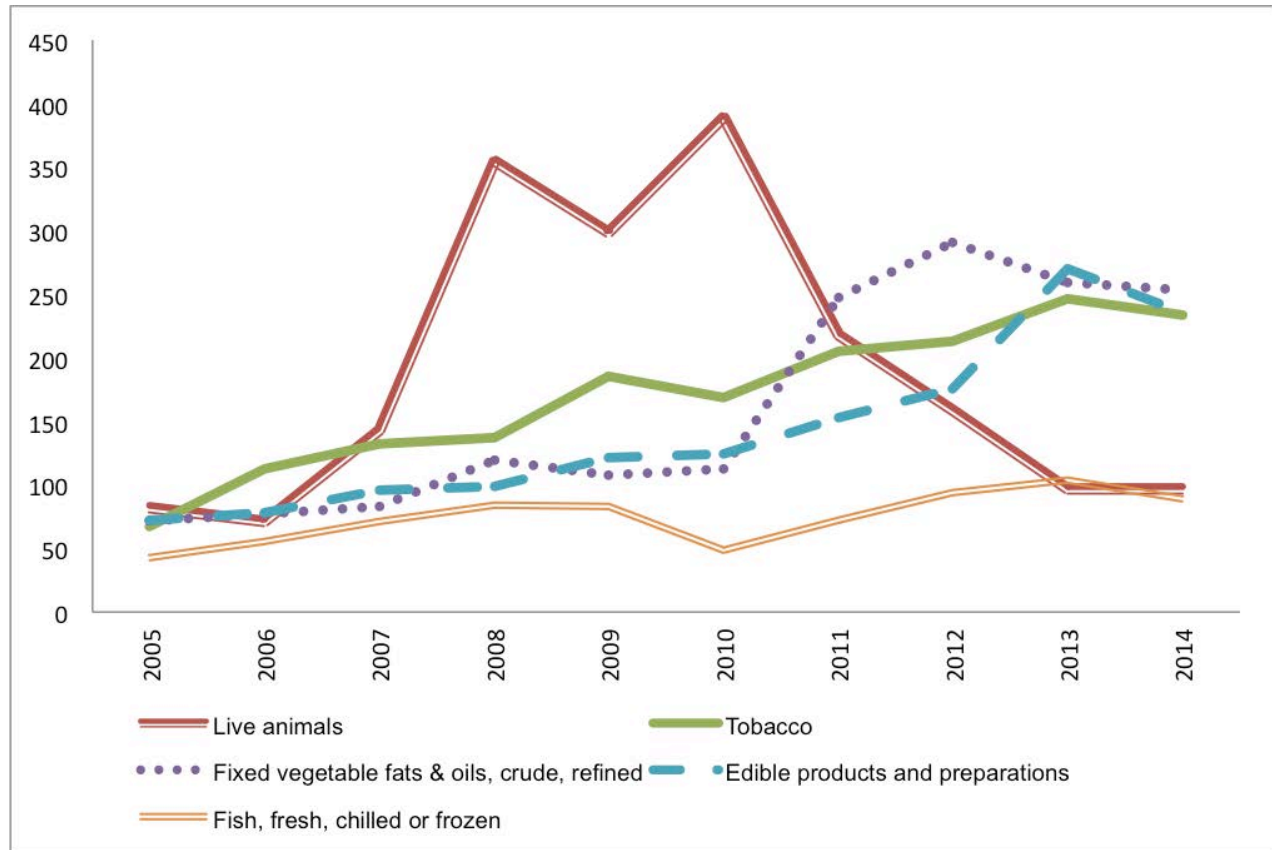
Top 10 intra-regional FOOD EXPORTS		Top 10 intra-regional FOOD IMPORTS	
Live animals	13%	Tobacco	22%
Tobacco	12%	Fixed vegetables fats and oils	17%
Fixed vegetables fats and oils	11%	Edible products and preparations	14%
Edible products and preparations	10%	Fish	11%
Fish	5%	Live animals	8%
Milk and milk products	5%	Milk and milk products	6%
Vegetables	4%	Coffee	5%
Rice	4%	Rice	4%
Coffee	3%	Fruits and nuts	4%
Cereal preparations	3%	Cereal preparations	4%

Source: <http://unctadstat.unctad.org/>

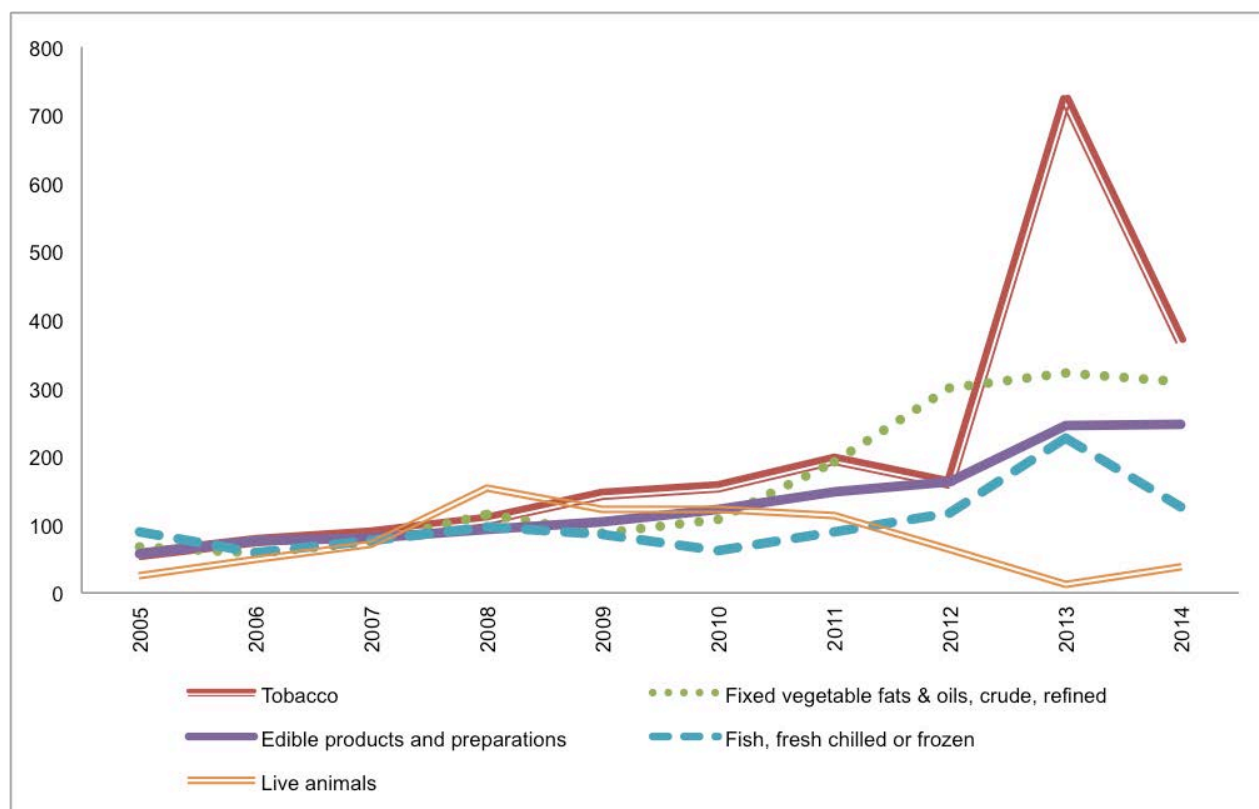
Looking at trends, Figure 12 and 13 show that official intra-regional trade of livestock has decreased since 2010, although this should be interpreted with great care, as most of the livestock trade in the region is

believed to be informal and undocumented. Contrarily, the official intra-regional trade of processed food (edible products and preparations), milk products and, more modestly, fish, has steadily increased in the last 10 years. Official intra-regional trade of rice remains modest and doesn't show a significant increasing or decreasing trend in the last 10 years. This differs from overall rice imports, which have strongly increased as indicated earlier, as a result of fast growing extra-regional imports.

Figure 12: Evolution of ECOWAS top 5 intra-regional food exports (in millions of USD, in the last 10 years)



Source: <http://unctadstat.unctad.org/>

Figure 13: Evolution of ECOWAS top 5 intra-regional food imports (in millions of USD, in the last 10 years)

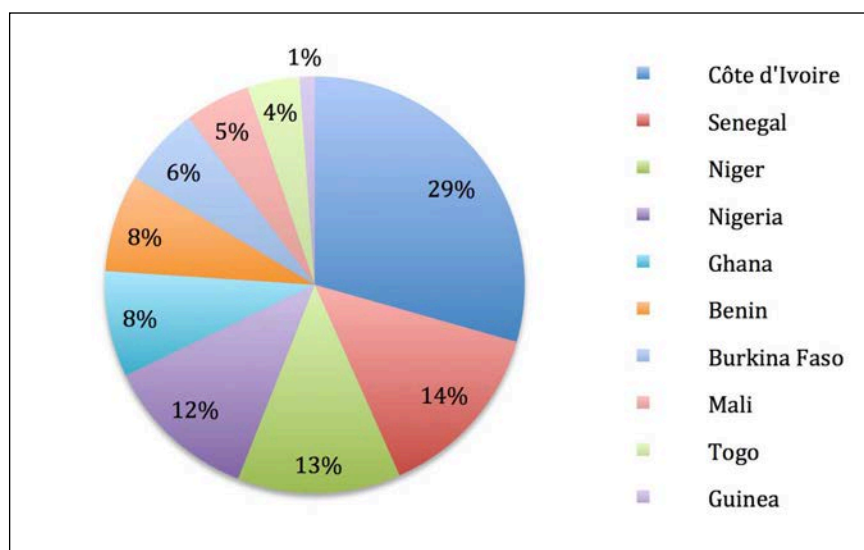
Source: <http://unctadstat.unctad.org/>

Nigeria is the main **food importer** in the region, as Figure 14 shows.¹⁸ Among the **top five food importers** are **two of the three largest economies** (Nigeria and Ghana) and the **three land-locked countries** (Mali, Niger and Burkina Faso).¹⁹ **Côte d'Ivoire** is the main **food exporter**. The **top five food exporters** in the region are the **four largest economies** (Nigeria, Côte d'Ivoire, Ghana and Senegal) and **land-locked Niger** that is the main livestock exporter to the region. Notably, Nigeria's main food exports to other ECOWAS countries are **processed food products** (milk and milk products, edible products and preparations, non-alcoholic beverages, sugar) reflecting Nigerian's food industry performance in the region. More generally, these rankings suggest that the main intra-regional trade flows in the region occur **from coastal countries with the largest economies to landlocked countries** (and vice-versa in the case of livestock exports).

¹⁸ The main food products that Nigeria buys from neighbouring countries are vegetable fats and oil, fish, livestock and fruit and nuts

¹⁹ The main food products that land-locked countries buy from coastal countries are **vegetable fats and oils, processed food and cereals**

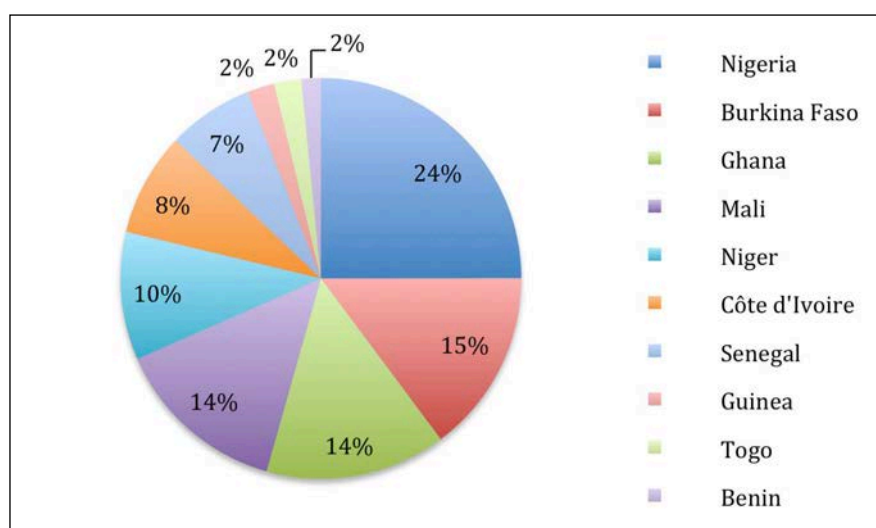
Figure 14: Top ECOWAS intra-regional food exporters (% of total intra-regional food exports in value, average 2010-2014)



Top 5 intra-regional food exporters are Côte d'Ivoire, Senegal, Niger, Nigeria and Ghana, which provide 76% of intra-regional food exports.

Source: <http://unctadstat.unctad.org/>

Figure 15: Top ECOWAS intra-regional food importers (% of total intra-regional food imports in value, average 2010-2014)



Top 5 intra-regional food importers are Nigeria, Burkina Faso, Ghana, Mali and Niger, which absorb 77% of intra-regional food imports.

Source: <http://unctadstat.unctad.org/>

As will be discussed in the next sub-section, most studies on informal intra-regional trade in the region suggest that coastal countries (Côte d'Ivoire, Senegal, Ghana and Benin) mainly export **cereals, tubers, fruits and vegetables** to land-locked countries (Burkina Faso, Mali and Niger), who in turn export mainly **livestock** to coastal countries. Even if these north-south trade flows are the most important ones, other east-west and more complex intra-regional trade flows also exist in the region. As these trade flows are mainly informal, they are not completely captured by official data.

Informal intra-regional trade

Official statistics hide many important features of the real trade patterns and dynamics in the region, and their importance for economic growth, poverty reduction and food security. It is estimated that informal trade may represent approximately 75% of intra-regional trade in West Africa, as noted earlier. However, it is difficult to get an accurate and aggregate overview of the extent of informal cross-border trade in the region due to the **lack of consistent measurement tools and reliable estimates on the subject**.

Official data not only gives a distorted picture on the size of intra-regional trade, but also on its composition. A comparison between a survey on cross-border informal trade in Benin and COMTRADE data indicates that formal and informal trade have very few products in common (Bensassi, Jarreau and Mitaritonna, 2016). It also appears that **women are over-represented in informal trade**. It is estimated that women constitute between seventy to eighty percent of people that are engaged in cross-border trade in West Africa (UNIFEM, 2014, cited by Yusuff, 2014).

Surveys indicate that a substantial share of informal cross-border trade in sub-Saharan Africa concerns staple **food commodities that have a direct impact on regional food security (cattle, maize and rice)** and **low quality consumer goods** (clothes, shoes and electronic appliances). Intra-regional informal trade is mainly conducted by **individual traders** (a large proportion of which are women) and **micro, small and medium-sized enterprises** and often consists of **small consignments**. Some of these traders operate entirely outside the formal economy; others are registered domestically yet escape fully or partially trade-related regulations and duties. They avoid official border posts or pass through such posts yet resort to illegal practices such as under-invoicing, misclassification of goods and misdeclaration of country of origin (OECD, 2009).

Comparison and compilation of figures on informal trade is complicated by the fact that different studies have tried to assess the magnitude and nature of undocumented intra-regional trade in the region, for different groups of countries and commodities.²⁰ Such case studies reveal that informal cross-border trade is thriving almost everywhere in Africa, including in West Africa, but don't give a comprehensive picture (Golub, 2015). As an example, the World Bank (2015), focusing on staple foods in West Africa, indicates that **livestock is the most important regionally traded staple food in value, followed by maize and millet**, while the analysis of UNCTAD official data in the previous subsection indicates that **livestock, processed food and fish** are the top intra-regionally traded food products. This does not reveal a contradiction, nor is it possible to combine the two findings to infer the real top three intra-regionally traded food products, as the World Bank (2015) does not cover fish nor processed food. Other comparisons do point to contradictions between different data sources, as the World Bank (2015) explicitly shows by juxtaposing various studies (see Annex 3 for more detailed information for livestock, maize, millet/sorghum/fonio, rice, cassava and yams/sweet potatoes/other crops).

The World Bank study, combining existing data on formal and informal trade in staple foods, shows that large **food staple exporters** in the region are **Burkina Faso, Mali, and Niger (livestock) and Nigeria (cereals and cassava)**. For the main staples supplied regionally, the **largest importers** are **Nigeria, Ghana, Côte d'Ivoire, and Senegal (livestock); Niger, Senegal, and Burkina Faso (maize); and Benin, Ghana, and Niger (sorghum and millet)**.²¹ The report distinguishes three types of intra-regional trade in

²⁰ The relevant ones are:

- World Bank (2015) by Jean-Christophe Maur and Ben Shepherd, *Connecting Food Staples and Input Markets in West Africa - a Regional Trade Agenda for ECOWAS Countries*
- CILSS (2014) *Cross Border Trade Flow of Agricultural Products in West Africa* (CILSS provides regular data on a number of agricultural value chains)
- USAID ATP Project, presented by Josserand (2013) *Assessment of volumes and value of regionally traded staple commodities* (Trade data collection since 2009 and October 2012 market studies. CILSS took over from 2013)
- JICA (2012) *Data Collection Survey on Traffic for International Port and International Corridor in Western Africa* (limited to UEMOA countries and Ghana)
- Haggblade et al. (2012) *Staple Food Market Sheds in West Africa*
- OECD (2009), *Informal Cross-Border Trade And Trade Facilitation Reform In Sub-Saharan Africa*

ECOWAS: **(a)** the “**arbitrage trade**”, as informal transit re-export and trade deflection of staples imported from outside the region (**ex: rice and poultry**); **(b)** the “**border trade**” as local international trade motivated by proximity, the porous nature of borders, and the local patterns of excess supply and demand; and **(c)** the “**regional trade**” which occurs along **corridors** for a handful of foods for which important complementarities arise between surplus production and demand areas. **With regard to volume and economic value, the regional trade (c) is the most important, with livestock and maize being the two most important traded staples in ECOWAS.**

Josserand (2013) provides detailed trade flow data on livestock, onion, coarse grains (millet, sorghum, maize) and rice along selected corridors linking Benin, Burkina Faso, Côte d’Ivoire, Ghana, Mali, Niger, Nigeria, Senegal, and Togo. He concludes that for **livestock, official statistics reflect only one-third of actual flows**. Significant annual flows were estimated, for instance, in Burkina Faso (\$212 million compared to official \$54.4 million) and in Mali (\$240 million compared to official \$128 million). For **maize**, many production and consumption basins exist in the region, leading to significant trade between and within countries. Major trade flows include: several countries to Niger, Côte d’Ivoire to Burkina Faso, and Ghana to Mali, Burkina Faso, onwards. Niger is a very important regional buyer. The highest estimated maize flows in the region are from Benin to Niger (140,000 tons/year), and from Nigeria to Niger (100,000 tons/year). **Millet and sorghum** are produced and **traded over wide areas (both long-distance and localized trade)**. Important trade flows are observed from Nigeria and North Benin to Niger, and from Sahel to coastal countries (Mali to Senegal). **Rice** is mainly imported in the region, although he notes there is a huge market potential for the production and intra-regional trade of rice, especially in western part of the region. **Some localized parboiled rice trade exists**, and the most important trade flows are from Mali to Mauritania, Senegal, Niger, and others. **Onions** are historically **traded along north-south long-distance trade routes (especially the central corridor)**. Producing countries are Nigeria, Niger, Senegal, Burkina Faso and Mali.

According to USAID/CILSS cross-border trade flow monitoring²¹, in November 2013 **cereals were traded between the coastal countries and the Sahelian ones**. **Livestock** mostly moved from the Sahelian countries to the coastal ones. Among cereals, **maize** was most traded with 8471 tons, followed by **sorghum** with 5994 tons and **millet** with 5627 tons. The largest importer of maize was Niger who imported about 39% in volume of total maize trade, followed by Senegal with 34% and Burkina Faso with 18%. Niger again was the largest importer of millet and sorghum with 96% and 85% respectively. Par-boiled **rice** (which is produced in small quantities in Benin and Burkina Faso) is exported to neighbouring countries. Par-boiled rice produced in Burkina Faso is exported to Mali while that of Benin is exported mostly to Nigeria and a lesser extent to Togo. **Cattle** trade was also very brisk as Nigeria imported the highest number of animals as she imported about 40% of total trade and they were followed by Ghana with 24%; Côte d’Ivoire by 21% and Senegal by 10%. Sheep and goats were also traded, with Côte d’Ivoire covering about 69% of total intra-regional sheep and goats’ imports, followed by Senegal with 21%.

While these different surveys and studies give a scattered picture at best, it does come out that informal trade is substantial and is dominated by staple foods, in particular livestock, maize, millet, sorghum and rice, although the latter includes re-exported Asian rice. Cereals are primarily exported from coastal to Sahelian countries, while livestock moves in the other direction, as a result of differences in agro-climatic conditions. To get a more complete picture, it is important to get further insights in the routes that these informal flows take between countries, which is what the next section will look into.

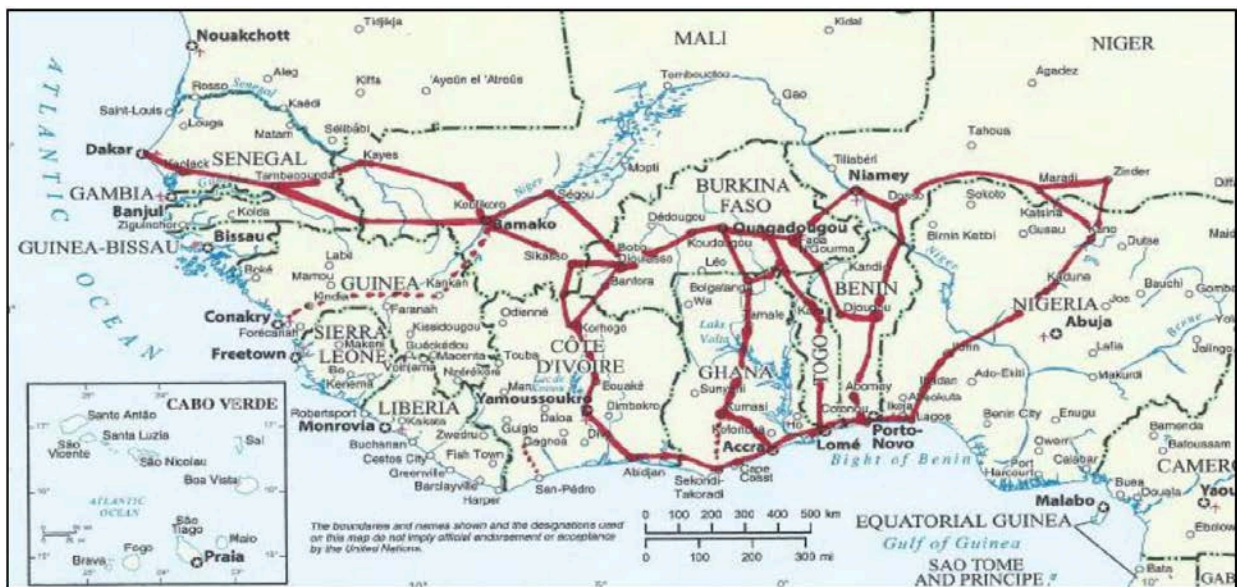
²¹ The trade data collectors are positioned at exit points (borders) and in strategic markets in the various countries in the region to collect data on cross-border trade and on staple food commodities. The countries covered include Benin, Burkina Faso, Côte d’Ivoire, Ghana, Mali, Niger, Nigeria, Senegal and Togo.

3. Spatial dimensions of ECOWAS trade, with a focus on agricultural and food trade

3.1. Trade corridors

The main routes for **formal trade** and **international trade** in ECOWAS are the corridors emanating from the **six major port cities**²²: **Lagos**, Nigeria (with two ports, Apapa and Tin Can Island); **Cotonou**, Benin; **Lomé**, Togo; **Tema**, Ghana; **Abidjan**, Cote d'Ivoire; and **Dakar**, Senegal (Figure 16). As such, the bulk of formal trade flow through parts of the main West African transport network, i.e. the West - East Trans-Saharan Highway between Dakar and Ndjameña and the Trans-Coastal highway between Dakar and Lagos, and the interconnecting North – South roads (Figure 16) (Saana, 2015).

Figure 16: Main trade corridors in West Africa



Source: Saana, 2015.

²² In addition there is also Conakry, Guinea, which has the potential to become an important port servicing Mali as it is the closest port to Bamako. Takoradi in Ghana and San Pedro in Côte d'Ivoire, which are mainly export ports of cocoa and other natural resources, also have ambitious expansion plans. (Saana, 2015)

Figure 17: Trans-Sahelian (orange) and Trans-Coastal (blue) highways in West Africa



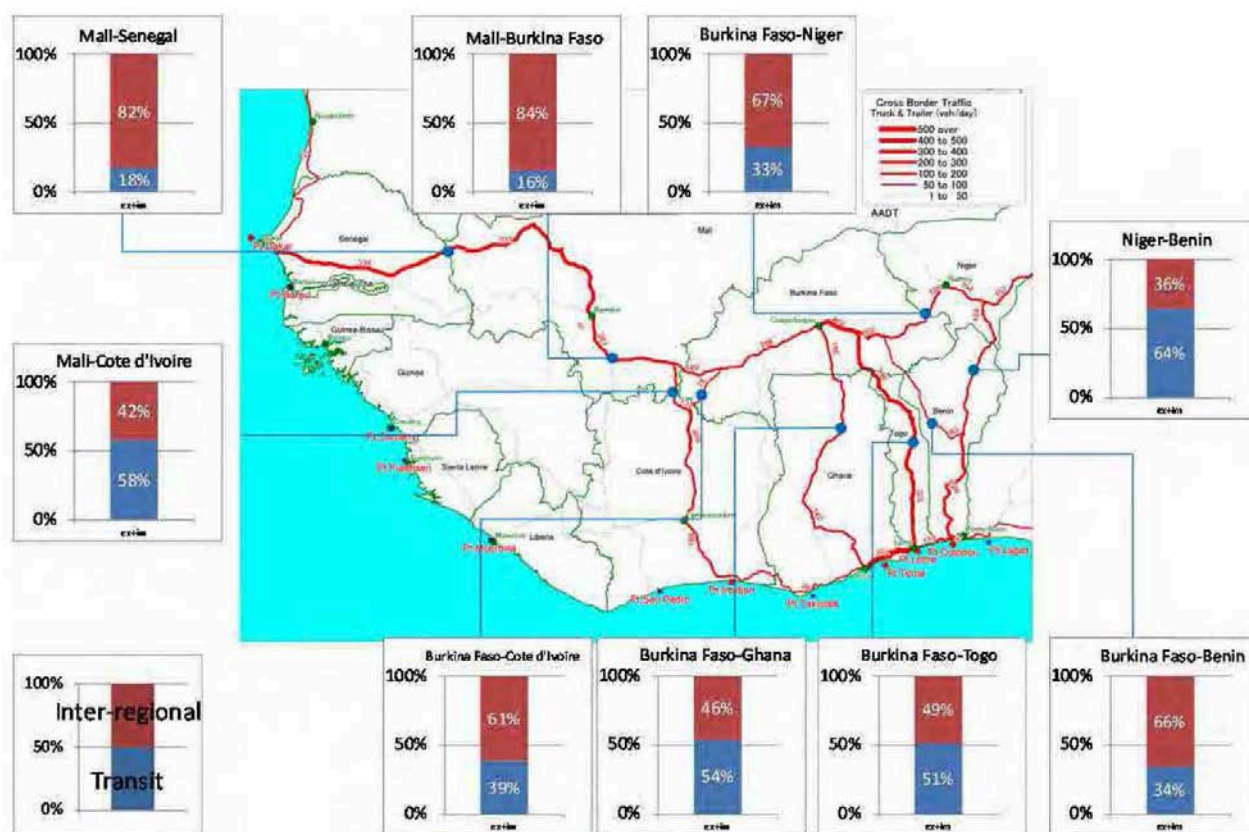
Source: Saana, 2015.

All corridors serve bilateral trade between ECOWAS member states and international trade. In particular, they connect the three land-locked countries (Niger, Burkina Faso and Mali) with coastal countries and especially with markets outside the region. Therefore, the good functioning of these corridors is of great importance for effective regional integration, and is crucial for the inland ECOWAS member states.

The coastal (west-east) Abidjan-Lagos corridor is by far the busiest corridor in West Africa. It is very important for the movement of people and informal trade. As for goods transport, the Abidjan-Lagos corridor is very busy but serves mostly local and bilateral traffic. It serves a more economically dense region with lots of short-distance transport rather than long-distance routes from one end to the other. On the south-north corridors, Saana (2015) states that the busiest is the Cotonou-Niamey corridor, although most of that traffic does not go to Niamey but rather via the towns Maradi and Zinder in southern Niger to Kano in northern Nigeria. A selective data collection survey in 2012, limited to seven UEMOA countries (except Guinea-Bissau) and Ghana, which captures features of both informal and formal trade along corridors, noted that after Abidjan-Lagos, traffic is the largest along the south-north Lomé-Ouagadougou corridor, followed by the Dakar-Bamako corridor (JICA, 2012).

JICA (2012) indicates that cross-border traffic along the selected corridors is generally fairly evenly distributed between transit and bi-lateral (intra-regional) trade (Figure 18). The exceptions are Senegal-Mali and Mali-Burkina Faso where traffic is mostly intra-regional. This is probably because Senegal exports a good amount of products, particularly cement, to its hinterland.

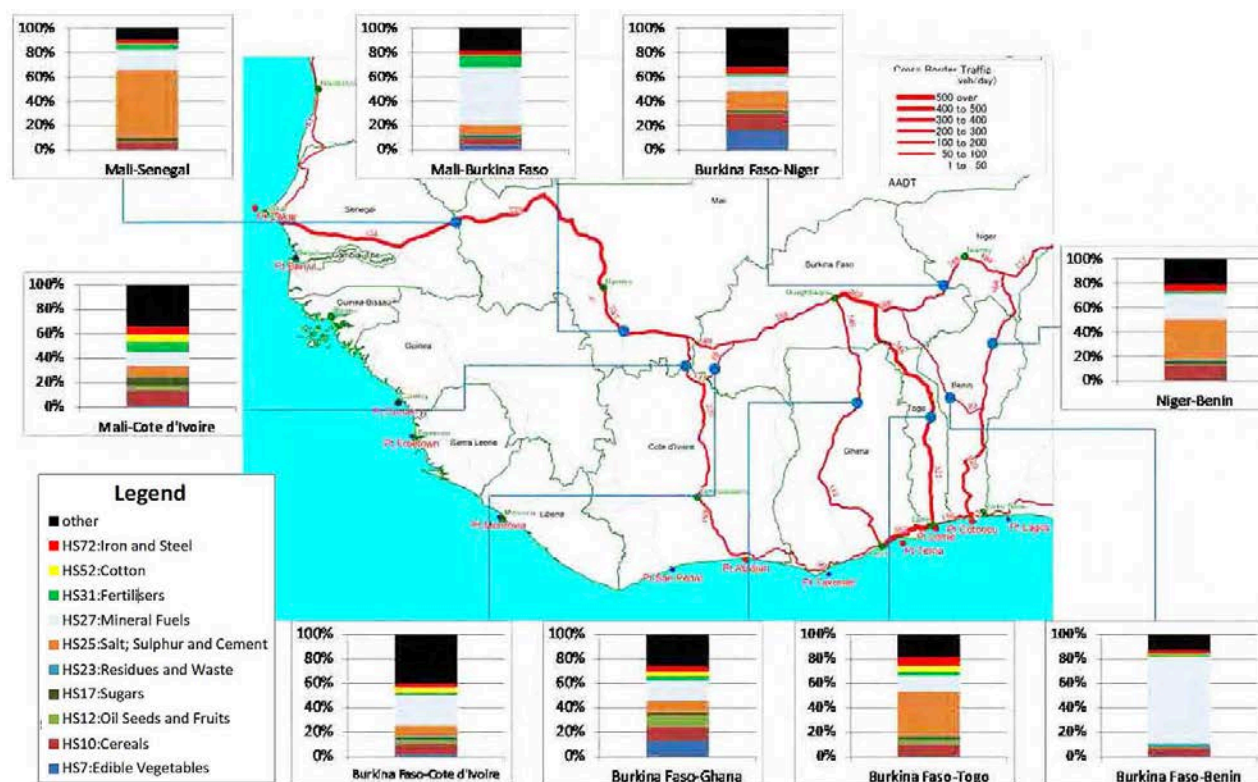
Figure 18: Share of transit and intra-regional trade along selected corridors



Source: JICA, 2012.

While there is little information available on trade volumes along West African corridors, there is even less information on the nature of goods traded. JICA (2012) study is an exception. It shows that, along the selected corridors of 7 UEMOA countries and Ghana, **the most important products traded** (transit and intra-regional trade combined) are **agricultural and food products** (blue, brown and green); **cement** (orange); **fuel** (grey); **iron** (bright red); **other** (black) (Figure 19).

Figure 19: Share of transit and intra-regional trade by type of merchandise



Source: JICA, 2012.

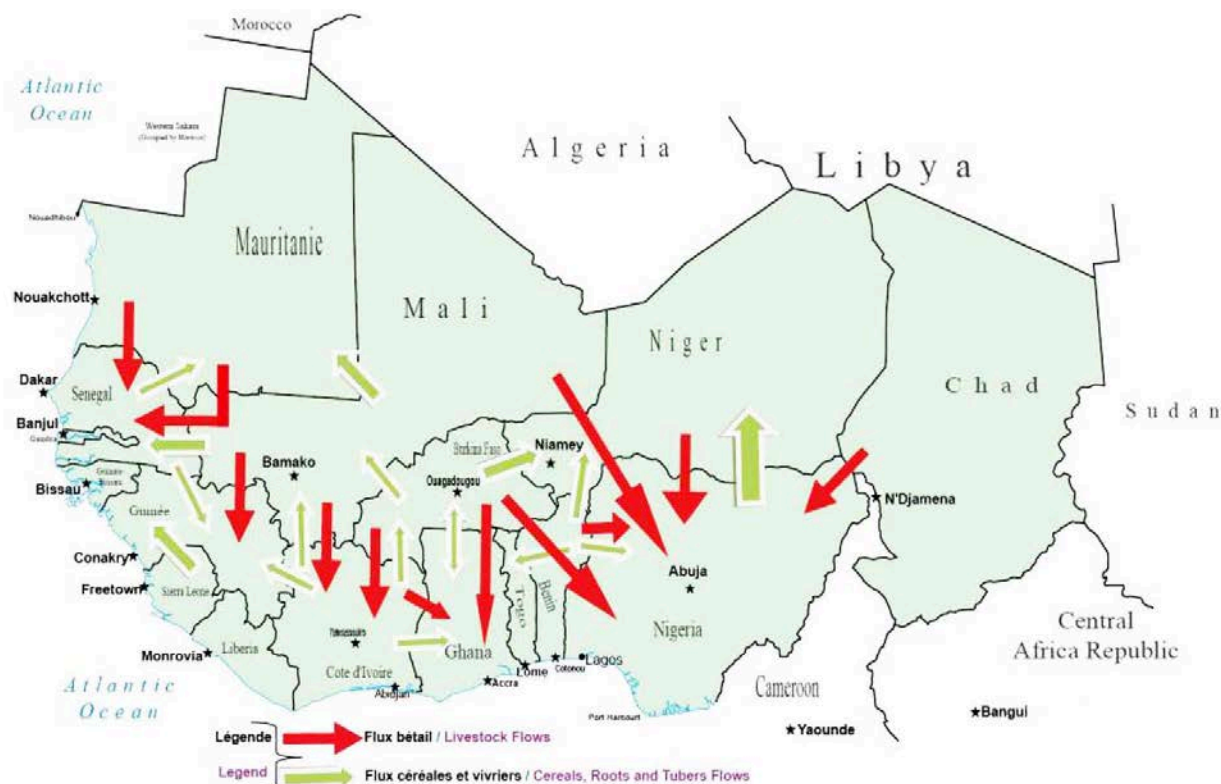
3.2. Trade flows in the region going beyond corridors

West African main corridors are not the only routes used for intra-regional trade in West Africa, especially when we look at trade in agriculture and food products, informal cross-border trade and arbitrage trade. Numerous roads connect countries and are used for cross-border trade, incl. to use the most direct route from the production basin to the cross-border market or to circumvent official border points. For instance, in Benin alone, a survey by the National Institute of Statistics and Economic Analysis of informal trade polled 171 crossing points (a sample of all crossing points in the country), compared to about 30 official border posts and one corridor (World Bank, 2015). It is not the purpose of this study to describe in detail intra-regional trade routes for each agricultural product traded within the region. Some examples will be provided, to give an impression of routes intra-regional trade takes and what drives them.

Countries in West Africa appear as natural partners for agriculture and food trade, as different sub-regions have different comparative advantages, with diverse ecosystems yielding a wide range of produce. The natural complementarities among countries due to the agro-climatic conditions promote sizeable agricultural trade flows between coastal countries and the Sahelo-Sudanian and Sahel countries. The latter are typically exporters of coarse grains (millet, sorghum), cowpeas and livestock while the coastal countries and the lower Sahelo-Sudanian zones export maize, rice, roots, tubers and tropical fruits to land-locked countries (FAO, 2015). The same intra-regional trade flows have been identified in USAID and CILSS 2013

report on cross-border trade flow in agricultural products in West Africa, based on CILSS data²³ (Figure 20).

Figure 20: Intra-regional trade flows of cattle, cereals, roots and tubers in ECOWAS



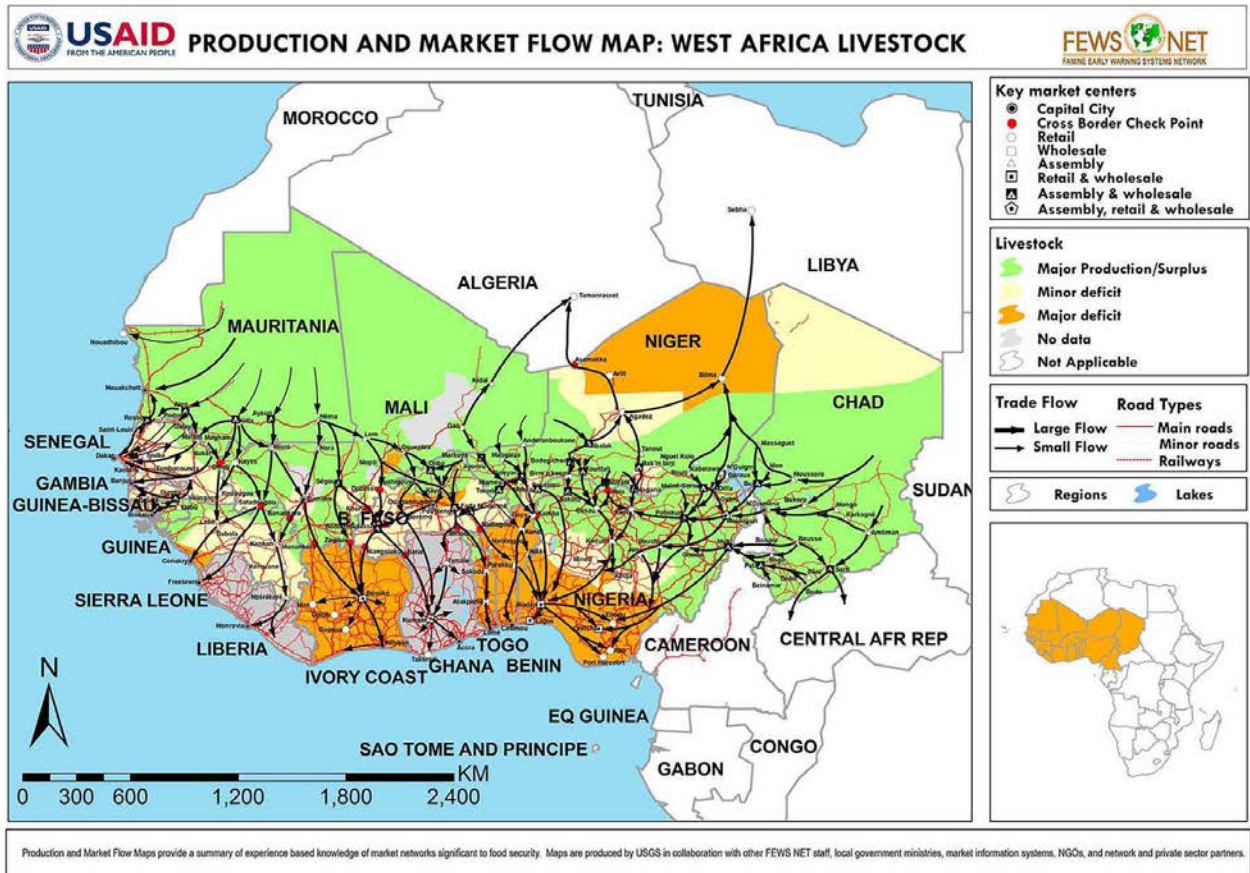
Source: CILSS, 2013.

USAID FEWSNET²⁴2009 production and market flow maps capture intra-regional trade flows that **concern mostly basic food staples essential for food security and that do not necessarily take corridors and highways as the trade routes, and occur mostly from production basins to major markets in the region.** Figure 21 presents the example of livestock. Annex 4 features additional maps on rice, maize, millet, cowpea and yam. They also illustrate the dispersion, importance and potential of intra-regional trade in the regional, in particular for food security and poverty alleviation.

²³ Data are collected by professional organizations from ATP/EATP countries through national private partner apex associations or regional organizations and data collection activities are supported by grants after grant agreements were signed with CILSS. The data collected include data on ruminant livestock (cattle, sheep and goats), maize, millet, sorghum and parboiled rice. The trade data collectors are positioned at exit points (borders) and in strategic markets in the various countries in the region to collect data on cross-border trade and on staple food commodities. The countries covered include Benin, Burkina Faso, Côte d'Ivoire, Ghana, Mali, Niger, Nigeria, Senegal and Togo. These data collection activities are done on a daily basis in each country and are supervised by focal points that collate and transmit it to CILSS on a monthly basis. (USAID, CILSS 2013)

²⁴ USAID Famine Early Warning System Network

Figure 21: Production and market flow maps for livestock in West Africa



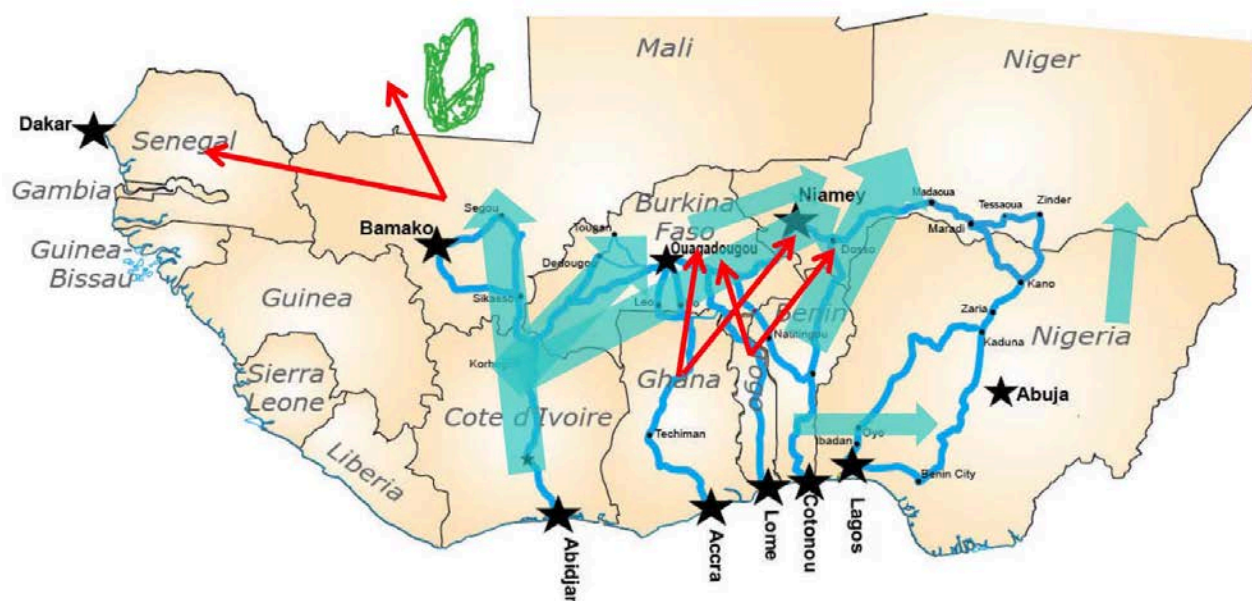
Source: USAID, FEWSNET, 2009.

ATP project²⁵ maps presented by Josserand, 2013 with data collected from 2009 to 2012 show more detailed flows for certain commodities. Figure 22 features intra-regional maize trade. Annex 5 provides similar maps for livestock maize, millet and sorghum. They highlight again the extensive, traditionally structured North-South patterns (Côte d’Ivoire to Mali, Burkina Faso and Niger; Benin to Niger and Nigeria; Nigeria to Niger).

²⁵ USAID ATP project was carried out in collaboration with 11 professional associations, with data collectors in main export/import markets and regional market surveys: nearly 60 markets in 12 countries (Oct. 2012)

Figure 22: Maize trade flows in West Africa

Maize trade flows from Benin, Côte d'Ivoire, Burkina Faso, Ghana, Mali, Togo, Nigeria



Source: Josserand, 2013.

Haggblade (2012) presents maps of major staple food 'markets sheds', linking principal surplus production areas with major cross-border urban food markets they serve. While Annex 6 presents maps produced by this study, Box 1 gives insights in conclusions drawn from this exercise, taking the example of rice.

Box 1: Rice intra-regional trade dynamics in West Africa (Haggblade et al., 2012)

Rice is the most widely marketed food in West Africa, with about 5,7 million tons of milled rice marketed each year. West African farmers produce roughly half of all rice consumed in the region, while traders import the remaining half, primarily from Asia. Imports, however, account for nearly 90% of marketed volumes.

Of the four major rice producers in West Africa, only Mali approaches self-sufficiency. Nigeria, the largest rice producer in West Africa, is also the region's largest importer.

Guinea, Mali, and Côte d'Ivoire all produce roughly 600,000 tons of rice, while Nigeria produces four times that amount. The **Western Market Shed** depends on imported volumes for about 60% its total rice consumption. Domestic production, primarily from Guinea, supplements imports in supplying these coastal markets. Mountains, long distances, and poor roads largely isolate the western market basin from the centre of West Africa.

The **Central Market Shed** encompasses the majority of Mali, Burkina Faso, Côte d'Ivoire, Ghana, and Togo. Although imported rice can reach Bamako via railroad from Dakar or by road from Côte d'Ivoire, traders generally source the bulk of domestic supplies from the irrigated perimeters of Mali's nearby Office du Niger. The two major rice-producing countries in this basin, Mali and Côte d'Ivoire, supply slightly over half of total rice consumption in the central basin. Although Mali produces 95% of the rice it consumes, other countries in the basin produce only 30% to 40% of their rice requirements. Traders import the balance, primarily via Abidjan but also from Accra for coastal consumption and trans-shipment inland.

The **Eastern Market Shed** encompasses most of Benin, Niger, and Nigeria. Nigeria's large rice producing areas serve internal markets in the north, around Kano and Kaduna, and send some surpluses south to the coastal cities. Because Benin and Niger produce less than a quarter of the rice they consume, imports account for slightly under half of total consumption in the market shed.

It is clear that many determinants and drivers exist for wide and dispersed intra-regional trade flows of food staples in the region.

As Haggblade (2012) shows, and as mentioned before, rising incomes and urbanization in the region are other important drivers of intra-regional trade through their impact on agricultural production and dietary habits in West Africa, in particular in urban areas, with a shift towards an increasing preference for meat, dairy, rice and horticulture products. **The increasing demand for meat, poultry, and dairy products is likely to have a non-negligible impact on coarse grain demand, prices and direction of trade through increased demand for animal feeds.** The quantities exchanged on the agricultural and food markets have exploded: markets have become the main source of supply for households, representing at least two-thirds of their food consumption. Moreover, urban people consume 50% more than rural people, and the growth in urban population should not slow down in the next two decades (OECD/SWAC, 2015).

Haggblade (2012) also points out that unlike many regions of the world, **West Africa's surplus food production zones frequently lie across national borders from the markets they serve**, another explanatory factor of intra-regional trade specifically. Africa's political boundaries, drawn in Berlin in 1885, cut across natural market sheds. They separate, for instance, surplus rice production in southern Mali from deficit markets in Burkina Faso and Mauritania. According to the World Bank (2015), the most food insecure regions in West Africa tend to depend more on these cross-border market sheds.

It is important to note that formal and informal cross-border trade can also be partly explained by **long-standing relationships and indigenous patterns, which often pre-date colonial and post-colonial state boundaries.** Cross-border trade is often conducted among people of the same clan or ethnicity group. The communities spread along the territorial boundaries have a lot in common both culturally and socially. They speak the same or similar languages, they inter-marry and own land on either side of the borders. This alone provides an incentive to these communities to engage in trade to exploit available opportunities on either sides of the border. In the absence of formal contracts and adequate market information and when other important obstacles to formal trade prevail, trust-based networks can play an important role in establishing trade relations, although informal (OECD, 2009). Aker et al. (2010) (cited by ODI, 2012) also states that ethnic differences can act as a significant intra-national border between markets and suggest that ethnic similarities diminishing international border effects could enhance international market integration.

Conflict and insecurity also has an influence on cross-border trade. Growing insecurity in West Africa affects for example pastoralism and livestock trade flows (Josserand, 2013; FAO, 2015).

ECOWAS countries with stronger economies also shape intra-regional trade flows in the region. In particular, given its economic dominance, Nigeria clearly acts as an economic driver in this and other goods trade, but also as political *hegemon*, blocking or pushing particular policy objectives or regional institutional reforms, underlining the need to understand its role in regional trade patterns and flows in key commodities being transported around the region (Byiers and Vanheukelom, 2015).

Some authors highlight the importance of **exchange rate fluctuations** and the French-English language barrier between UEMOA and non-UEMOA countries in the region as a determinant of intra-regional trade flows. An increase of exchange rates of non-CFA currencies is likely to increase demand for cereals from UEMOA countries. Transferring funds across countries with different monetary systems brings difficulties and risks (ODI, 2012; FAO, 2015).

Tariff and non-tariff barriers further shape trade flows. They affect interests of different groups of actors in different ways, further shaping their behaviour. The next section will zoom in on this.

Box 2: Informal trade in West Africa (based on World Bank, 2015)

According to the World Bank (2015), ***“Informal trade in food staples accounts for the majority of all intraregional trade in this sector. Available evidence shows that the driving forces are the existence of areas of excess supply and excess demand that cross national borders facilitated by porous borders—linked with weak governance. In such circumstances, traders have a strong incentive to bring producers and consumers into contact, and they are doing exactly that, albeit informally.”***

Informality is the outcome of efforts to avoid regulatory and transaction costs and of the deep fragmentation of supply chains. **Smallholders and small traders, many of them women, are engaged in informal trade.** This trade faces high uncertainty and costs and therefore is not economically at its most efficient, preventing investment and economies of scale. Without access to inputs such as financing, transport, and warehousing logistics and without better integration into more efficient value chains, there is little scope (a) for small agricultural businesses to grow and to make productivity gains and (b) for regional trade to expand to the benefit, ultimately, of border regions and ECOWAS countries.

“Allowing these traders to flourish and gradually integrate into the formal economy would boost trade and the private sector base for future growth and development”.

Although informal trade accounts for the overwhelming share of regional trade in food staples, informal traders are not included in policy planning. **The capacity of actors currently involved in informal trade to benefit from intra-regional trade opportunities is key to poverty reduction and food security.** Therefore, efforts should be directed toward facilitating trade flows carried by small traders by continuing to **simplify procedures for trade flows of food staples, including exemptions of border taxes; reducing documentation requirements; and adopting good practices in agencies dealing with them.**

“Small traders, typically individuals dealing with very small shipments, play an important role in moving goods within cross-border market sheds. Assuming that reforms of national policies could bring about some level of greater formalization of regional trade in food staples, those small traders would then become the backbone of localized but cross-border movements of food. If duties and prohibitions are eliminated, in line with the ECOWAS single market, the biggest issue for those traders will then be border procedures. Small traders are especially affected by time-consuming, costly, and unreliable border procedures, particularly when they are dealing with perishable goods. The region therefore needs to pay particular attention to the broader issue of trade facilitation”.

This is an area in which some regional initiatives, such as the development of trade corridors, already exist. Those efforts have to be strengthened with a **particular attention to questions as harassment of small traders at border posts and the prevalence of checkpoints. This should encompass continuing efforts to improve the quality of infrastructure at border crossings to provide an open and safe environment for traders, with attention to the specific needs of women traders. Women, who are largely involved in informal trade in West Africa, are particularly disadvantaged, because, in addition to those problems, they face more harassment and have less access to commercial loans, amongst other gender based limitations.**

4. Barriers to trade in ECOWAS

4.1. Ambitious regional agreements but lack of implementation

Both regional economic communities, ECOWAS and UEMOA, have developed trade policy frameworks with the objective of increasing trade integration between their member states. This process was long further advanced in UEMOA, as the customs union and the abolition of tariffs or quotas on intraregional trade in domestic products were approved before ECOWAS. However, ECOWAS has been catching up through its ECOWAS Trade Liberalisation Scheme (ETLS) and the Common External Tariff (CET).

The **ECOWAS Trade Liberalisation Scheme (ETLS)** is the main ECOWAS operational tool for promoting the West Africa region as a Free Trade Area, under which agricultural commodities and artisanal handicrafts can circulate freely (i.e. without customs duties and charges having equivalent effect) since 1979. Later, in 1990, it was agreed that industrial products originating in the community could also be approved to take part in the scheme.

The **Common External Tariff (CET)** was launched in January 2015, after 10 years of negotiations. The ECOWAS CET is largely based on, and replaces, the UEMOA CET. It is organized into five different tariff bands of 0%, 5%, 10%, 20% and 35%. While the first four bands were taken from the UEMOA CET, the 35% band was added after intense negotiations, with particularly Nigeria and West African agricultural producers strongly arguing in favour of it, to protect sensitive products. Ninety percent of the products in the 35% band are agricultural goods, while no agricultural products are in the 0% band. As such, agriculture is relatively more protected than other sectors. A notable exception is rice, which is in the 10% tariff band, implying that the interests of rice consumers (low price) prevailed over those of rice producers (de Roquefeuil et al, 2014).

However, there is slow progress on the actual implementation of these regional commitments at national level. The ETLS is poorly respected by ECOWAS Member States and the implementation of the CET is also patchy so far. This implies that, despite longstanding and strong commitments to “the removal of obstacles to the free movement of persons, goods, service and capital”, as worded in the ECOWAS Treaty, there are still many barriers to trade.

This can be explained by a variety of factors. Some ECOWAS member states lack capacity to implement regional commitments, which require strong administrative structures. A **lack of knowledge** on regional customs and trade provisions has also been identified as an issue. Officials are not always aware of their obligations, while private sector operators are not always informed about their rights. The latter seems to particularly apply to women engaged in cross-border trade, many of who are illiterate and not knowledgeable about trade regulations (Yusuff, 2014). Furthermore, **no monitoring mechanism** on trade policies exists in UEMOA nor ECOWAS, nor an active dispute and binding sanctions mechanism. **Overlapping REC memberships** (Box 3) also influence country-level implementation of regional policies. With RECs often promoting overlapping agendas, countries pick and choose which aspects of which REC agenda to prioritise and implement, with limited consequences for non-compliance.²⁶ The **absence of real political commitment** to the regional integration process can also be brought forward (World Bank, 2015), which will be further unpacked in following sections.

²⁶ Overlapping REC membership is not unique to West Africa and is consistent with growing evidence that countries join different RECs to achieve different objectives, whether political or economic (e.g. Gathii, 2011), driven by domestic interests and/or foreign policy objectives (Byiers and Vanheukelom, 2015).

Box 3: Weak and sometimes competing regional institutions in West Africa

The two dominant regional organisations in West Africa are UEMOA (Union Économique et Monétaire Ouest-Africaine) and ECOWAS (the Economic Community of West African States). All UEMOA member states are also members of ECOWAS. The CILSS (Permanent Interstates Committee for Drought Control in the Sahel), sub-regional institution against desertification involving seven ECOWAS Member States, is also an important technical regional body with longstanding EU support.

ECOWAS was initially spearheaded by Nigeria as an effort to bring together the existing francophone countries of UEMOA with the five Anglophone and two Lusophone states of the region (Hulse 2014), with the primary goal of furthering economic integration. As such, all UEMOA member states are also ECOWAS member states. According to some, has lead to a tendency to concentrate on ECOWAS when considering the issue of regional integration in West Africa, raising concerns among UEMOA members that within ECOWAS their concerns might be neglected (Engel and Jouanjean, 2015, cited by Byiers and Vanheukelom, 2015)

UEMOA remains a significant regional actor and, according to Chambers et al. (2012, p. 17), “one, which has been, arguably more successful than ECOWAS at overcoming the coordination problems critical to integration processes”. While they interpret moves by UEMOA to develop its regional policy coordination competences as indicating it is moving away from, rather than towards, greater integration with ECOWAS, and while there are skeptics about greater consolidation under ECOWAS in the short term, recently there have been at least ostensible moves by UEMOA to coordinate more closely with ECOWAS, helped for example by Côte d’Ivoire’s chairmanship of ECOWAS from 2012 to 2014. While in many areas both organisations are trying to work out collaborative arrangements and collective action, there are no indications that a sole regional body is a realistic scenario for the future. If anything, a move can be observed whereby UEMOA is taking on board regional topics long reserved to ECOWAS (such as peace and security). (Byiers and Vanheukelom, 2015)

The prevalence of barriers hampers trade in ECOWAS. It raises trade costs and generates **strong incentives for informal trade in the region**, to avoid trade-related regulations and duties. The next sections will highlight official and unofficial barriers, as well the underlying reasons for their prevalence.

4.2. Official barriers to trade

Important barriers to trade are tariffs, as well as import and export restrictions through bans or quotas. Many West African countries regularly impose such restrictions (ODI, 2013; World Bank 2015; de Roquefeuil, 2014).

Import restrictions have affected crops such as maize, wheat flour, cassava, sugar, vegetable oil, rice, frozen and chilled fish, beef and poultry. Countries use (seasonal) import restrictions generally to protect local producers and industries. They can also be installed on the grounds of public health concerns (e.g. avian influenza), although regularly such restrictions are still in place long after the health threat has been solved, which suggests that protective interests may also be at play (World Bank 2015).

Export restrictions are mostly applied to cereals, particularly maize, millet and rice. Important reasons for governments to impose them are short-term food security concerns, in periods of (expected) food shortage. Indeed, a large number of countries in the region banned exports during the 2007/2008 food crisis. However, while it allows food to stay in the country in the short run, it can negatively affect investment decisions of value chain actors and thus have an adverse effect in the long run. Another rationale for

governments is to impose export restrictions on subsidized products (subsidies on inputs, machineries, etc.) to avoid leakage, as is the case currently for local rice in Senegal (World Bank, 2015).

The above shows that **the willingness of individual countries to implement regional commitments is greatly determined by what is deemed to be in the 'national interest'**. While the concept of national interest is difficult to define, it generally equates the interests of governing elites. These are different across countries, depending on the political context (e.g. seeking to obtain or maintain votes; please powerful economic actors).

Complex, non-transparent or lengthy customs procedures also present barriers to trade. On average, Africa has the longest customs delays in the world. Consignments commonly experience substantial and unpredictable delays (30 to 40 days) before release from customs control. Not only are the delays long, they are also costly (OECD, 2009). In ECOWAS, regional commitments have been made that simplify customs procedures. For example, officially ECOWAS eliminated all requirements for certificates of origin on food products. Nevertheless, some countries still demand them. ECOWAS countries have also signed bilateral technical agreements establishing mutual recognition of sanitary and phytosanitary certificates, but across the ECOWAS region, border officials still ask traders to obtain duplicate certificates. While this may be due to a lack of knowledge or mistrust of other countries control mechanisms, it may also be a way for officials to raise their revenues, as described in the next section.

4.3. Unofficial barriers to trade

There are numerous studies that point to the widespread nature of **bribery** in the region, in particular the prevalence of corrupt customs procedures and road harassments. These border bribes and roadblocks lead to long and costly delays (OECD, 2009; ODI, 2013; World Bank, 2015).

The following map shows the extent and magnitude of road harassment on some West African corridors covered by the UEMOA/USAID Trade Hub Road Governance initiative that started in October 2006. The information presented is based on data collected during a 3-month period in 2012 from truck drivers through the Road Governance Initiative, also known as *l'Observatoire des Pratiques Anormales* (OPA).

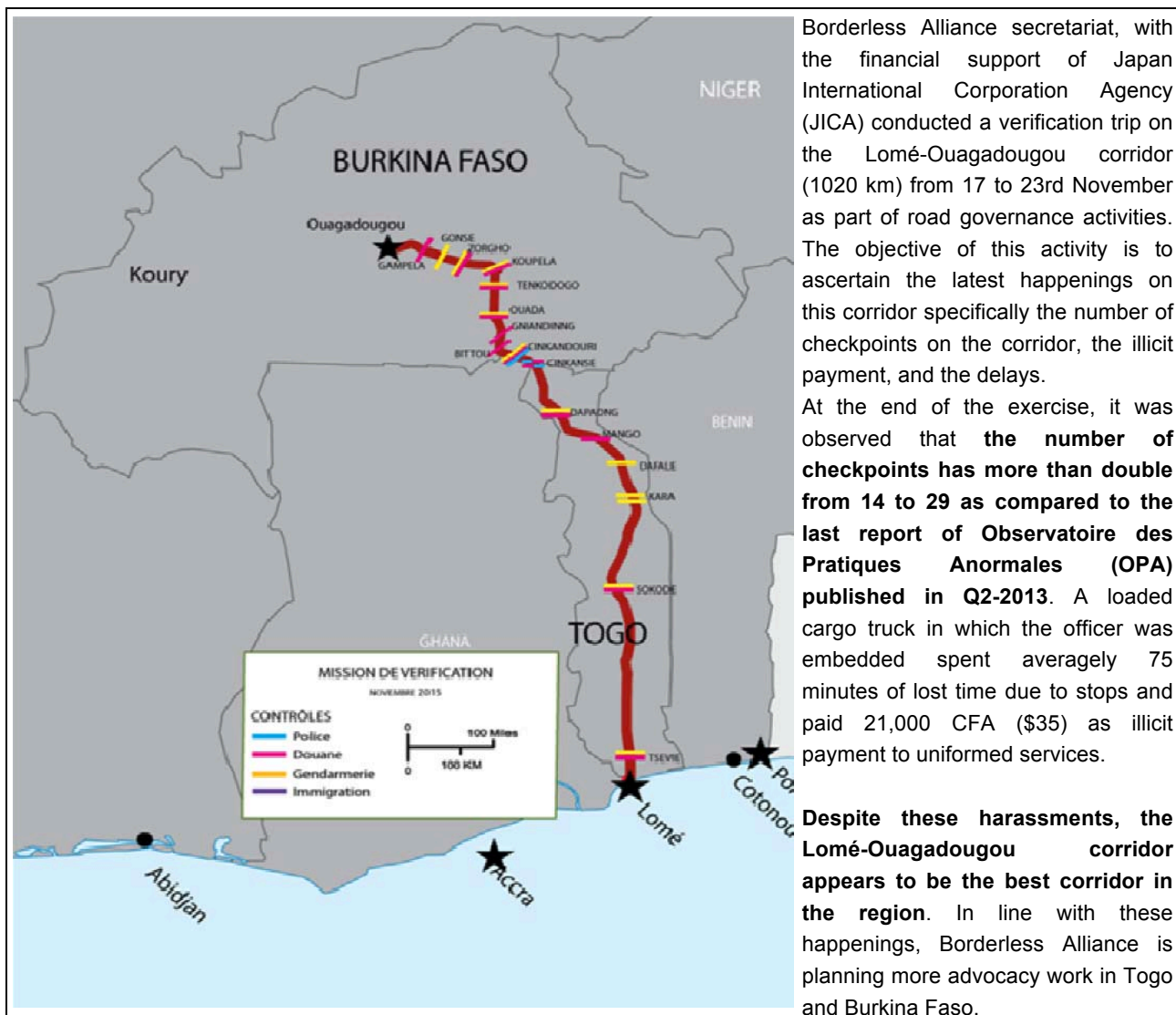
Figure 23: Road harassment on West African corridors covered by the UEMOA/USAID Trade Hub Road Governance



Source: OPA, 2013: www.borderlesswa.com

Recent monitoring activities of Borderless Alliance in the Lomé-Ouagadougou corridor indicate that **the number of checkpoints has increased** (Box 4).

Box 4: Borderless Alliance road governance verification trip results (November 2015)



Borderless Alliance secretariat, with the financial support of Japan International Corporation Agency (JICA) conducted a verification trip on the Lomé-Ouagadougou corridor (1020 km) from 17 to 23rd November as part of road governance activities. The objective of this activity is to ascertain the latest happenings on this corridor specifically the number of checkpoints on the corridor, the illicit payment, and the delays. At the end of the exercise, it was observed that **the number of checkpoints has more than double from 14 to 29 as compared to the last report of Observatoire des Pratiques Anormales (OPA) published in Q2-2013**. A loaded cargo truck in which the officer was embedded spent averagely 75 minutes of lost time due to stops and paid 21,000 CFA (\$35) as illicit payment to uniformed services.

Despite these harassments, the Lomé-Ouagadougou corridor appears to be the best corridor in the region. In line with these happenings, Borderless Alliance is planning more advocacy work in Togo and Burkina Faso.

Source: Borderless Alliance News, December 2015.

Such corruption is a way of rent-seeking by officials (e.g. custom officers, police) and others (e.g. communities through which a road passes). Social acceptance of such practices and weak enforcement mechanisms facilitate this rent-seeking.

Furthermore, the costs of individual bribes matters. According to ODI (2013), “It seems to be that the myriad of fees paid are relatively small taken one by one. One cannot expect relatively disparate groups of traders, producers and truckers to organise and demand the abolition of a particular certificate or tax. The fees are also often bundled together by middlemen dealing with customs procedures (a customs clearing agents), to whom the trucker or the trader pays a lump sum regrouping legitimate fees and fees that should not exist under regional free trade rules. The result is a situation whereby those losing out from the unfair practices have little incentive to mount a challenge to their imposition”.

4.4. Infrastructure and transport sector

Intra-regional trade is further hampered by the **high costs of moving goods by road or rail** within West Africa, as a result of poor infrastructure and governance of the transport sector. This especially affects producers in rural areas. Transport prices per ton kilometer from farmgate to primary collection markets tend to be three to five times higher than those from secondary (often rural wholesale) markets to wholesale markets located in the countries capitals (FAO, 2015).

This negatively affects their market access, which is determined by the geographic distance between producers and consumers and by the availability and quality of connecting infrastructure. As the urban population increases and consumption patterns increasingly shift towards more perishable and higher-value products, the state of the connecting systems – roads, communication and market infrastructure and transport – becomes critical, **especially since a growing share of the population is located close to the coastal areas which tend to be better connected to the ports than to the hinterland** (FAO, 2015).

Important investments have been made in recent years, especially on the **main international corridors and main trunk roads**. However, there are a number of poorly maintained sections along the corridors, particularly in landlocked areas of coastal countries as well as cross-border areas. **Railroad facilities** generally are in a very poor condition and unable to fully function (JICA 2012).

Beyond main roads, **poor or missing road infrastructure in rural areas** is even more of an issue. Road density in West Africa remains low compared to other developing regions and rural communities continue to have by far the lowest accessibility to all-season roads in the developing world. This differs among countries through, with more developed countries such as Ghana and Nigeria doing well compared to others (FAO, 2015).

Physical market infrastructure is important for efficient product aggregation and post-harvest handling, including storage, sorting, grading and packaging of agricultural produce. **In West Africa, marketing infrastructure is generally insufficient to cope with the burgeoning demand and supply of agricultural produce as more and more consumers rely on the market for their food**. This applies to wholesale and retail markets, cold storage and abattoirs. **This infrastructure gap tends to be largest in rural areas**. As a result, buyers face **high transaction costs for product aggregation, quality control, and sorting into batches of homogenous quality**. Quality deterioration and spoilage is a further serious problem, especially of perishable products such as fruits, vegetables and animal products, in absence of cold chains. Moreover, poor hygienic conditions in markets and improper sewage systems can cause threats to human health as well as environmental hazards (FAO, 2015).

While investments in transport and market infrastructure ('hardware') are important, this does not necessarily translate into lower transport costs. Road governance and structural issues ('software') in the transport sector also influence transport prices. The **trucking environment** and market structure in West Africa are characterised by **strong market regulation through freight bureaus and shippers' councils, reducing competition**, thereby contributing to persistently high transport prices. Some authors highlight as an overarching recommendation the **need to reform cartels in the trucking industry** (ODI, 2013).

5. Regional non-trade policies affecting trade in ECOWAS

5.1. Regional policies for agricultural development and food security

Since the launch of the Comprehensive Africa Agriculture Development Programme (CAADP) to push to boost agriculture, regional policies in ECOWAS have witnessed significant developments. Food staples have been a main focus because of their central role for food security and poverty.

A strong impetus behind regional integration is found among Union Économique et Monétaire Ouest Africaine (UEMOA) and ECOWAS countries. The food crisis reinvigorated the continental and regional agricultural agendas (Elbehri 2013) in West Africa to redefine regional and national agricultural development strategies and investment programs with a focus on the development of food staples supply. This new impetus has undeniably reinforced the regional dimension of food staples policy. Yet paradoxically, the regional trade integration agenda has been somewhat pushed aside in this agenda (World Bank, 2015).

Both ECOWAS and UEMOA have prioritised food security as a policy objective. UEMOA adopted an agricultural policy, the **Politique Agricole de l'UEMOA (PAU)**, in 2002. Based on the principles and priorities of the Comprehensive Africa Agriculture Development Programme (CAADP), ECOWAS adopted the **ECOWAS Agricultural Policy (ECOWAP)** in 2005 with the main objectives of boosting agricultural productivity and exports, attaining food security in member states and promoting sustainable livelihoods for farmers.

The implementation of both the PAU and of ECOWAP has largely been limited to putting in place institutions and regulations, with little analysis thus far to examine the degree of implementation, the impact, or the coherence between both agreements (Savadago, 2009; cited by ODI, 2013). In 2015, an ECOWAP+10 conference was organized by ECOWAS to review the performance of the regional policy, ten years after its implementation, and analyse with all the relevant stakeholders the way forward. Actors agreed that, due to lack of resources and leadership, the agricultural trade policy in ECOWAS remains a “patchwork” of embryonic donor-driven programmes (AGIR, ProFAB, PRAPS, PRIDEC, etc.) and rules implemented unevenly and enforced inconsistently, leading to an opaque environment that severely limits the economic growth potential that agriculture possesses and significantly affects access to food. Agricultural planning remains a national matter, and at the regional level there are only limited initiatives to reform policies to improve food security, which have struggled to get off the ground (for instance, food reserves to overcome short-term seasonal food shortages). A tendency towards protectionism persists and cooperation remains sporadic and driven by short-term national interests, as seen in Section 4 above (ODI, 2013).

5.2. ECOWAS regional policy for industrial development

The **West Africa Common Industry Policy (WACIP)**, and particular its Implementation Strategy 2015-2020, focuses on four priority sectors, including the food and agro-industry sector. This policy, as the PAU and ECOWAP, has selected value-chains that are strategic for the region (Box 5).

There have also been some efforts to improve and harmonise regional regulations on seed production and marketing, including through the **West Africa Seed Programme** implemented by the Agricultural Research Council of Nigeria. Further, ECOWAS members are party to the Abuja Declaration on Fertilisers to

increase fertiliser use, harmonise policies and regulations and promote national and regional fertiliser production and intra-regional trade. While West Africa lags behind other African regions in implementation, the 2009 launch of the five-year **MIR-Plus project** aiming to facilitate the development of a regional agricultural input market has aimed to improve harmonisation across the region (ODI, 2013).

Box 5: Value-chains prioritized in regional agricultural policies (PAU and ECOWAP) and in the Regional industrial policy (WACIP)

PAU

The PAU was adopted in 2001 in order to improve the food and nutrition security status of UEMOA countries. As part of its implementation, the value-chain approach was selected as one of the intervention frameworks of the PAU. Five priority value-chains were selected: **cotton, maize, rice, livestock and poultry**. A detailed action plan was validated in 2010 for each value-chain, in order to remove obstacles and address challenges at production, transformation and commercialization levels.

ECOWAP

The ECOWAS regional agricultural policy (ECOWAP) seeks to promote strategic products for food sovereignty, with specific focus on **millet/sorghum, maize and rice²⁷, roots and tubers, fruit and vegetables and animal products**. The ECOWAP Compact specifies that initial priority will be given to rice, maize and cassava value chains on the one hand and to the livestock-meat and related products value chains on the other hand.

WACIP

The West Africa Common Industry Policy (WACIP), and particular its Implementation Strategy 2015-2020, focuses on four priority sectors, including the food and agro-industry. Within that sector, the following priority agricultural products for industrialisation to supply the West African market and enhance food security, are listed: (i) **cassava**; (ii) **palm oil**; (iii) **sugar**; (iv) **poultry**; (v) **fisheries**; (vi) **meat**; (vii) **cereals**; (viii) **fertilizer**. The strategy also lists the following priority agricultural products to raise the local raw material processing rate to export: (i) **cocoa**; (ii) **cashew**; (iii) **mango**; (iv) **shea butter**; (v) **cotton and textile**; (vi) **rubber**

5.3. ECOWAS regional policies for infrastructure

The ECOWAS infrastructure development agenda is guided by goal 2 of the ECOWAS Regional Strategic Plan on Infrastructure.²⁸ Investments have been cranked up in recent years, especially on the main international corridors and main trunk roads. Despite the recent increase in infrastructure investment, many regional infrastructure projects take a very long time between planning and completion. Waterways are not well developed for transport and **rail has fallen in disuse apart from the Dakar-Mali and Abidjan-Ouagadougou routes**. Engel and Jouanjean (2015) find that **cross-border infrastructure in the ECOWAS region involves significant coordination and cooperation issues**, and often involves serious political economy issues.

²⁷ Rice is the most prioritized value-chain in ECOWAS, with a specific regional offensive to increase production and attain regional self-sufficiency adopted in 2012: "Regional offensive for sustainable revival of rice production in West Africa"

²⁸ The 5-year ECOWAS strategic plan on infrastructure has five main objectives: 1) Reduce cost and enhance provision of infrastructure services 2) Increase involvement of the private sector and public-private-partnerships in infrastructure development 3) Secure adequate funding for infrastructure projects- facilitate member states access to funds, secure foreign capital and expertise 4) Improve rural access to energy and energy services 5) Focus on multimodal transportation systems to improve connectivity between member states (AfDB Regional Integration Strategy Paper for West Africa, 2011)

The Programme for Infrastructure Development in Africa (PIDA) of the African Union could play an instrumental role in spurring infrastructure investments. The Action Plan on the Programme for Infrastructure Development in Africa (PIDA-PAP) consists of 51 projects projected to be implemented between 2012-2020. ECOWAS is the designated coordinator of AU and PIDA-related projects in West Africa. In 2014 NEPAD organised the Dakar Financing Summit to accelerate PIDA funding (transport, energy and ICT projects). Sixteen PIDA projects in different stages of project preparation and funding were selected; and eight of them were flagged as most advanced. Four of these are in West Africa: **(1) Dakar-Bamako Rail (part of Dakar-Niamey corridor), (2) Sambangalou Hydropower project, part of Gambia River Basin Development Organisation (OMVG), (3) Abidjan-Lagos Coastal Corridor including four EU funded OSBPs, part of ECOWAS Joint Border Posts Programme, and (4) Abidjan-Ouagadougou Road Rail Projects** (NEPAD Dakar Financing Summit Brochure, 2014).

6. Conclusion

ECOWAS exports show little product diversity, with a heavy reliance on extractive products (e.g. petroleum and natural gas) and a few agricultural commodities (e.g. cocoa, rubber, cotton). ECOWAS imports are more diversified, with a high share of industrialised products (e.g. refined petroleum, vehicles, ships, telecommunications equipment) and food products (e.g., rice, wheat), with a fast deteriorating food trade balance. Food demand in West Africa is expected to continue to grow dramatically in the coming decades, with a great risk of further deteriorating the food trade balance. This is particularly problematic in light of the collapse of international oil prices that affect the region's purchasing power, in particular in Nigeria (by far the main economy in the region).

Intra-regional trade in ECOWAS represents 8 to 13% of total ECOWAS trade according to official data, but it is estimated that approximately 75% of intra-regional trade is not accounted for in official statistics, as it takes place on an informal basis. Informal intra-regional trade mainly concerns food staples. Evidence further suggests that intra-regional trade has considerable room to grow further. This fits the ambitions of the region to step up intra-regional trade and value chain development (through increased production and value addition), with particular emphasis on agricultural and food products, for poverty reduction and food security.

Nevertheless, the quality of trade data poses serious challenges for designing and implementing effective policies. Due to the informality of trade, official statistics hide many important features of the real trade patterns and dynamics in the region, which deserve to be taken into account. Official data not only give a distorted picture on the size of intra-regional trade, but also on its composition. Furthermore, women are over-represented in informal trade, compared to formal trade. While ad-hoc surveys and case studies covering informal trade provide useful insights, comparison and compilation of their results is complicated by the fact that different studies try to assess the magnitude and nature of undocumented intra-regional trade in the region for different groups of countries and commodities. **More comprehensive information on informal trade, and its drivers, is required for effective policy-making.**

It is impossible to get a comprehensive overview of spatial dimensions of intra-regional trade from existing statistics and literature, not least because of its informality, but a limited set of studies indicate that **part of intra-regional trade flows through main regional corridors.** However, studies also indicate that **considerable intra-regional trade flows outside these main regional corridors.** This applies to trade that occurs around border areas, where national borders separate producers and the nearby markets they

serve. Furthermore, production basins of intra-regionally traded goods are not always in the direct vicinity of a corridor, as these were conceived to connect port cities with the hinterland (and not production basins with cities/markets). Therefore, policies and programmes seeking to support intra-regional trade and food value chain development will need to take that broader perspective into account, in order to achieve objectives related to poverty reduction, food security and inclusive development. This implies, among other things, improvement of strategic secondary roads and market infrastructure in rural areas.

This overview paper provided **insights into the key dynamics, drivers and obstacles of intra-regional trade in West Africa, particularly for agricultural and food products**. Political economy considerations that were brought up included the following, structured in this table according to the ‘five political economy lenses’ presented earlier:

Table 7: Overview of political economy factors affecting intra-regional trade

Political economy lenses	Examples of key issues at play
1. Structural or foundational factors	<ul style="list-style-type: none"> - Different agro-climatic conditions between and within countries - Fast population growth, urbanization trend and growing middle class, leading to increased food demand and changing consumption patterns - Economic heterogeneity of ECOWAS, with Nigeria being the hegemon (large consumer base; relatively well developed agro-industry) - Cross-border historical, cultural, ethnic and linguistic ties and differences (e.g. Anglophone versus Francophone members of ECOWAS; informal trade driven by social networks based on shared ethnicity, geographical origin, etc.) - Several regional institutions with overlapping membership and mandates (ECOWAS, UEMOA, CILSS)
2. Formal and informal rules of the game	<ul style="list-style-type: none"> - High regional ambitions and policy frameworks to facilitate intra-regional trade and strengthen regional value chains, including processing for value addition (e.g. ETLs, CET, ECOWAP, WACIP) - Implementation of regional commitments at national level lags behind, so that many tariff and non-tariff barriers remain, including both formal and informal trade restrictive methods - Lack of ECOWAS enforcement mechanisms for the application of regional commitments by member states - Duplication of regional policies (e.g. two existing agricultural regional policies: ECOWAP for ECOWAS countries and PAU for UEMOA countries, which are also ECOWAS members)
3. Actors, agency and incentives	<ul style="list-style-type: none"> - Ruling elites often pursue short-term national interests seeking political survival, rather than implementing regional commitments (e.g. export bans, import quotas, etc.) - Powerful private sector actors block key reforms and regional initiatives (e.g. food importers of rice; trucking cartels) when not in their interests; or work with political elites to shape policies - Rent-seeking by officials (e.g. custom officers, police) through roadblocks and border bribes, leading to long and costly delays - Weakest actors in the value chain stay in the informal sector due to high costs and lack of incentives to formalize (e.g. smallholders, SMEs, traders, many of whom are women) - Public and private stakeholders lack information about regional customs and trade provisions
4. Subsector specific technical and political characteristics	<ul style="list-style-type: none"> - Development of specific value chains constrained by issues such as the nature of the crop (e.g. suitable for plantation or not), poor access to key inputs, lack of secure land rights, weak production technologies, fragmentation of smallholder producers and limited credit and markets access - Value chain-specific trade routes, as well as infrastructure and transport needs (e.g. cold chains) - Value chain-specific actors, and numbers of separate stages in the value chain, with different characteristics and interests (e.g. rice importers)

5. Exogenous factors	<ul style="list-style-type: none"> - Climate change - Terrorism - Price fluctuations of commodities (e.g. petroleum) - Diseases outbreaks (e.g. Ebola) - Donor finance and support - Continental processes and commitments
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Such political economy factors will need to be taken into account when designing and implementing policies to effectively promote intra-regional trade and value chain development.

Trade differs considerably depending on the value chain concerned, with regard to the patterns and size of flows, the actors involved and their incentives, the potential impact of policy change and/or formalization of the value chain for different value chain actors, among other factors. Therefore, deeper understanding of strategic/relevant value chain dynamics would be important to inform the policy dialogue and guide effective policy interventions.

To contribute to this, ECDPM together with its partners will conduct further value-chain specific analytical work and facilitate multi-stakeholder policy dialogue, with due attention for political economy factors. Through this work, we seek to contribute to on-going policy processes and vast array of initiatives. We specifically aim to assist West African key (state and non-state) actors and development partners to enhance synergies across sectors (e.g. trade, agriculture, corridor development, industrialisation) and design and implement political economy-sensitive interventions.

For this purpose, value chains to be selected for a deeper analysis of trade and political economy factors in West Africa, and subsequent discussions on what interventions/policies are required, should have the following characteristics: i) together form a diverse set of value chains in terms of trade flows, by including food products currently mostly imported from outside the region, mostly exported out of the region and considerably traded within the region; (ii) be critical for wealth creation and food security; (iii) have been identified as strategic value chains in ECOWAS policies; and (iv) represent different types of food products, with distinct trade challenges (e.g. perishable versus non-perishable products).

Therefore, based on the overview presented in this paper, the following selection is proposed for further analysis:

Table 8: Preliminary selection of value chains for further work of ECDPM and its partners

	Rice	Livestock	Horticulture
Trade flow	Mainly imported	Mainly traded intra-regionally	Mainly exported, while others imported and/or traded intra-regionally (major differences between horticultural products) ^a
Importance for wealth creation and food security	Widely consumed throughout the region and demand is spurring; many smallholder farmers involved, women particularly involved in rice processing and marketing; many new PPP initiatives in the region (Senegal, Côte d'Ivoire, etc.)	Widely consumed throughout the region and demand is spurring; vulnerable group of pastoralists; high potential for value addition in livestock-derived products (milk, milk products, etc.); key source of animal protein for the region (nutrition security); key for resilience of nomad population ("cattle stock is the money in the bank for pastoralists")	High vitamins, minerals and fiber content (nutrition security); many women involved in production and processing; production in combination with other crops; export/income potential still under-exploited; high potential for processing (dried fruits, juices, etc.)
Regional priority	Prioritized in ECOWAP (and regional rice offensive adopted in the region)	Prioritized in ECOWAP & WACIP (meat) and foreseen 'milk offensive' and 'livestock plan' in ECOWAP	Prioritized in ECOWAP ^b and WACIP (mango)

Type of food product	Staple food (carbohydrates) Can be traded in bulk/simple storage Relatively short value chain	Staple food (protein/animal products) Relatively simple logistics for live animal trade, versus technology/cooling storage for processed goods (see horticulture) “Medium” long value chain	Perishable product Very complex post harvest logistics/technology required for proper storage Medium to long value chain
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- a. *Some horticultural products are being increasingly exported internationally (e.g. pineapples, mangoes) and others being imported from outside of the region in certain periods and countries (e.g. onions, tomato products).*
- b. *While not among the ‘priority value chains’ for immediate action listed in the ECOWAP/RAIP, horticulture features in the ECOWAP Compact as a key regional value chain to be strengthened, including for employment generation purposes.*

Zooming in on rice for instance is an interesting case, as this overview paper has shown that it is the top (extra-regionally) imported agricultural/food product in West Africa. Some intra-regional trade takes place, mainly informally, with strong ambition in the region to further develop the rice value chain and curb imports. The location of rice production basins and urban markets imply that some (potential) intra-regional rice trade passes through regional corridors (e.g. Bamako – Abidjan), but not all. Rice is the object of trade policy controversies, particularly the long-negotiated 10% CET rate. Application of the CET and ETLs can be expected to affect what flows into corridors, who benefits and who loses (e.g. reduction of informal re-exportation of rice). This illustrates that a value chain-lens and political economy-sensitive approach is key to enhancing synergies between policy areas and guide interventions to strengthen intra-regional trade for food security, livelihoods and poverty reduction.

Further work will have to bring out specific political economy dynamics of each of these different value chains. In the rice value chain, for example, this will include the role of rice importers, generally perceived to be close to the ruling elite. For livestock, one can think of pastoralist customary behaviour that is not easily influenced by formal policies like tariffs, certificates etc. In the horticultural sector, depending on the specific fruit and/or vegetables selected, it will be important to look into the role of supermarkets/exporters, often owned by foreign companies.

The high prevalence of informal trade in agriculture, highlighted repeatedly in this paper, implies that **a better understanding of informal dynamics and more accurate data on cross-border flows will have to be part and parcel of further research and dialogue work.** For example, given the importance of social and customary networks in informal trade, these need to be considered when designing policy reforms and new investments to make regional integration more beneficial to rural producers in West Africa.

In the case of trade facilitation and infrastructure, it will be key to understand the key actors and factors and their potential role in driving or undermining regional efforts to turn ‘transit corridors’ into ‘transformation and development corridors’. Given that this paper has pointed out that regional infrastructure corridors currently only connect ports with the hinterland, mostly serving imports into West African (and exports of few agricultural commodities), how can connections with the food production basins be improved to strengthen intra-regional food trade? Given the need and ambition in the region to enhance processing, how can this be promoted through corridors? Given the importance of informal trade, how can corridor initiatives promote gradual formalisation, to the benefit of vulnerable value chain actors, in particular those operating currently in the informal sector?

Political economy analysis and facilitation of frank policy dialogue are needed to answer these questions and move forward these important debates. **ECDPM is keen to continue working with West African and international partners, to provide further insights and contribute to coherence and coordination across trade, agriculture, infrastructure and value chain initiatives to promote sustainable and inclusive development.**

Annex 1: UNCTAD Standard International Trade Classification²⁹

Detailed structure and explanatory notes

SITC Rev.3

(Standard International Trade Classification, Rev.3)

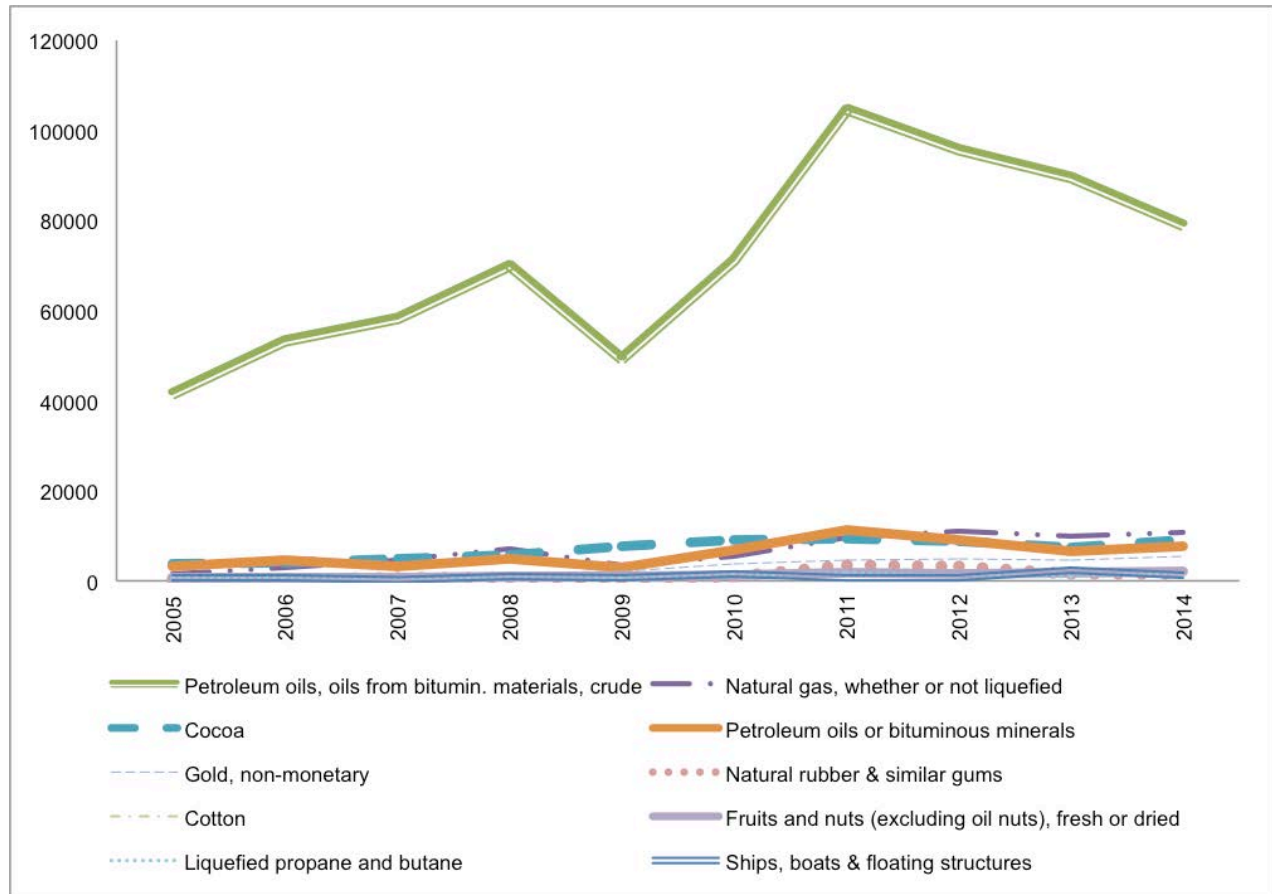
- 0 - Food and live animals
 - 00 - Live animals other than animals of division 03
 - 01 - Meat and meat preparations
 - 02 - Dairy products and birds' eggs
 - 03 - Fish (not marine mammals), crustaceans, molluscs and aquatic invertebrates, and preparations thereof
 - 04 - Cereals and cereal preparations
 - 05 - Vegetables and fruit
 - 06 - Sugars, sugar preparations and honey
 - 07 - Coffee, tea, cocoa, spices, and manufactures thereof
 - 08 - Feeding stuff for animals (not including unmilled cereals)
 - 09 - Miscellaneous edible products and preparations
- 1 - Beverages and tobacco
 - 11 - Beverages
 - 12 - Tobacco and tobacco manufactures
- 2 - Crude materials, inedible, except fuels
 - 21 - Hides, skins and furskins, raw
 - 22 - Oil-seeds and oleaginous fruits
 - 23 - Crude rubber (including synthetic and reclaimed)
 - 24 - Cork and wood
 - 25 - Pulp and waste paper
 - 26 - Textile fibres (other than wool tops and other combed wool) and their wastes (not manufactured into yarn or fabric)
 - 27 - Crude fertilizers, other than those of division 56, and crude minerals (excluding coal, petroleum and precious stones)
 - 28 - Metalliferous ores and metal scrap
 - 29 - Crude animal and vegetable materials, n.e.s.
- 3 - Mineral fuels, lubricants and related materials
 - 32 - Coal, coke and briquettes
 - 33 - Petroleum, petroleum products and related materials
 - 34 - Gas, natural and manufactured
 - 35 - Electric current
- 4 - Animal and vegetable oils, fats and waxes
 - 41 - Animal oils and fats
 - 42 - Fixed vegetable fats and oils, crude, refined or fractionated
 - 43 - Animal or vegetable fats and oils, processed; waxes of animal or vegetable origin; inedible mixtures or preparations of animal or vegetable fats or oils, n.e.s.
- 5 - Chemicals and related products, n.e.s.
 - 51 - Organic chemicals
 - 52 - Inorganic chemicals
 - 53 - Dyeing, tanning and colouring materials
 - 54 - Medicinal and pharmaceutical products
 - 55 - Essential oils and resinoids and perfume materials; toilet, polishing and cleansing preparations

²⁹ Source: <http://unstats.un.org/unsd/cr/registry/regcst.asp?Cl=14>

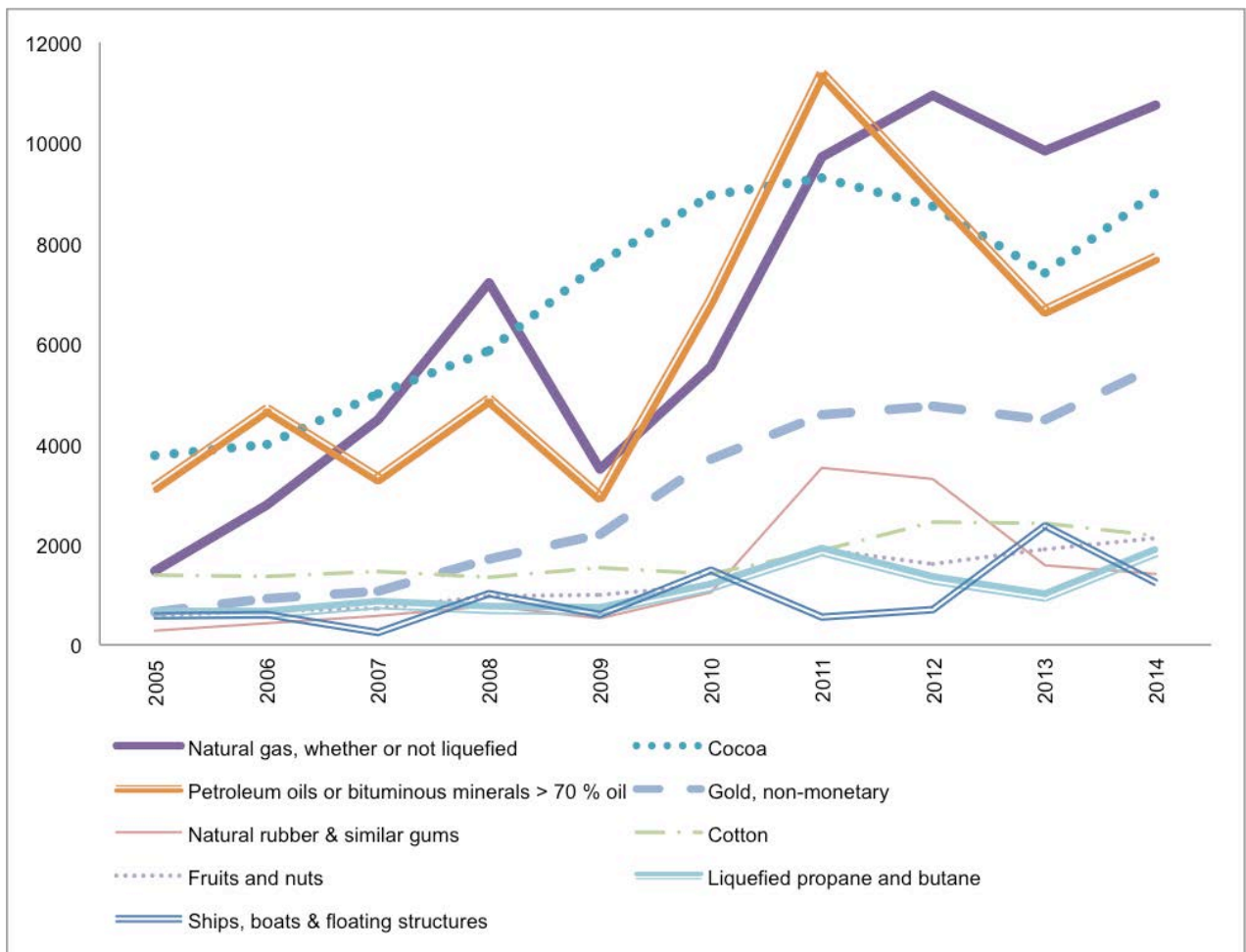
- 56 - Fertilizers (other than those of group 272)
- 57 - Plastics in primary forms
- 58 - Plastics in non-primary forms
- 59 - Chemical materials and products, n.e.s.
- 6 - Manufactured goods classified chiefly by material
 - 61 - Leather, leather manufactures, n.e.s., and dressed furskins
 - 62 - Rubber manufactures, n.e.s.
 - 63 - Cork and wood manufactures (excluding furniture)
 - 64 - Paper, paperboard and articles of paper pulp, of paper or of paperboard
 - 65 - Textile yarn, fabrics, made-up articles, n.e.s., and related products
 - 66 - Non-metallic mineral manufactures, n.e.s.
 - 67 - Iron and steel
 - 68 - Non-ferrous metals
 - 69 - Manufactures of metals, n.e.s.
- 7 - Machinery and transport equipment
 - 71 - Power-generating machinery and equipment
 - 72 - Machinery specialized for particular industries
 - 73 - Metalworking machinery
 - 74 - General industrial machinery and equipment, n.e.s., and machine parts, n.e.s.
 - 75 - Office machines and automatic data-processing machines
 - 76 - Telecommunications and sound-recording and reproducing apparatus and equipment
 - 77 - Electrical machinery, apparatus and appliances, n.e.s., and electrical parts thereof (including non-electrical counterparts, n.e.s., of electrical household-type equipment)
 - 78 - Road vehicles (including air-cushion vehicles)
 - 79 - Other transport equipment
- 8 - Miscellaneous manufactured articles
 - 81 - Prefabricated buildings; sanitary, plumbing, heating and lighting fixtures and fittings, n.e.s.
 - 82 - Furniture, and parts thereof; bedding, mattresses, mattress supports, cushions and similar stuffed furnishings
 - 83 - Travel goods, handbags and similar containers
 - 84 - Articles of apparel and clothing accessories
 - 85 - Footwear
 - 87 - Professional, scientific and controlling instruments and apparatus, n.e.s.
 - 88 - Photographic apparatus, equipment and supplies and optical goods, n.e.s.; watches and clocks
 - 89 - Miscellaneous manufactured articles, n.e.s.
- 9 - Commodities and transactions not classified elsewhere in the SITC
 - 91 - Postal packages not classified according to kind
 - 93 - Special transactions and commodities not classified according to kind
 - 96 - Coin (other than gold coin), not being legal tender
 - 97 - Gold, non-monetary (excluding gold ores and concentrates)
- I - Gold, monetary
- II - Gold coin and current coin

Annex 2: Trade trends in ECOWAS between 2005 and 2014

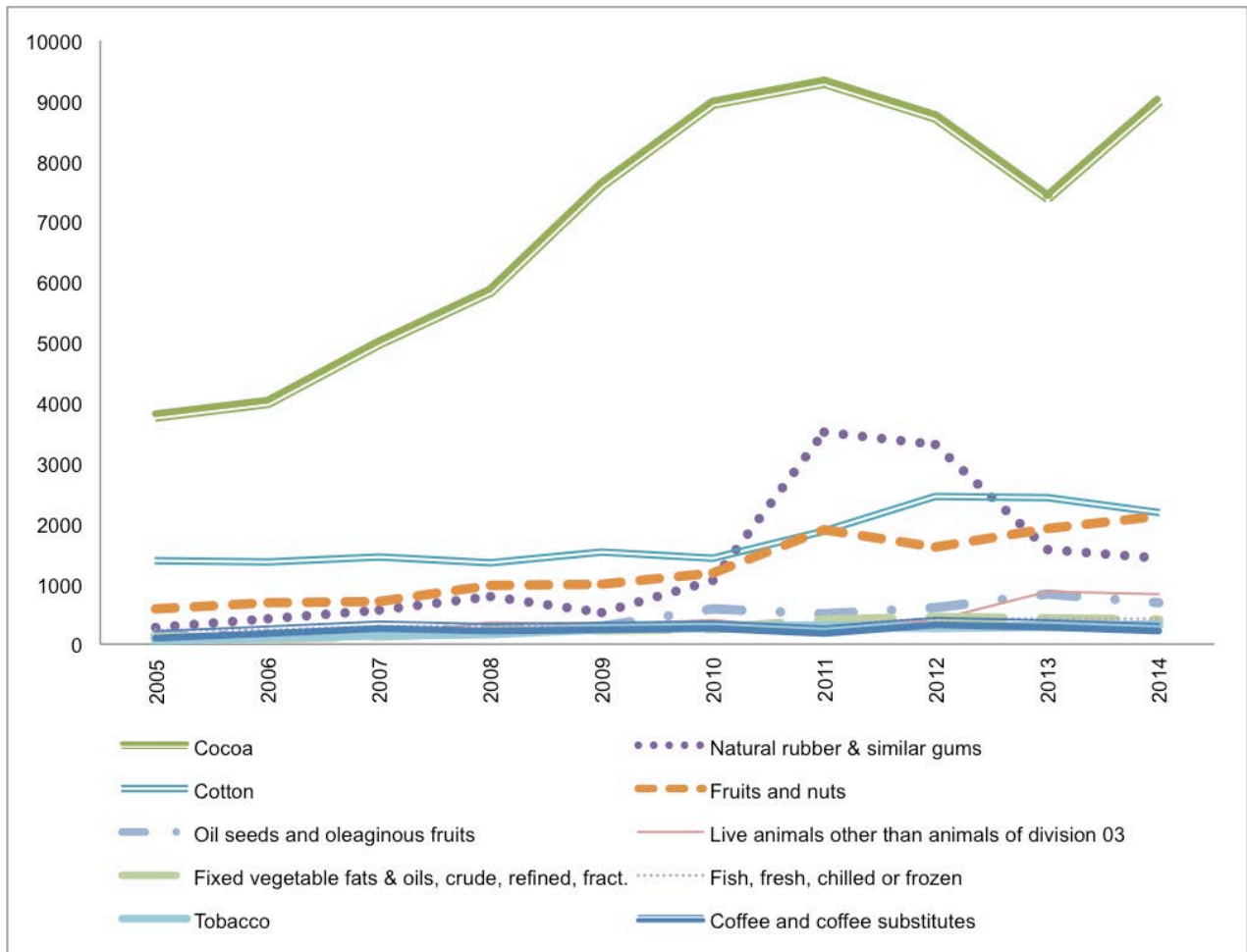
ECOWAS export trends between 2005 and 2014 (in millions of USD, based on UNCTAD database)



ECOWAS export trends between 2005 and 2014 (in millions of USD, based on UNCTAD database)
EXCLUDING PETROLEUM

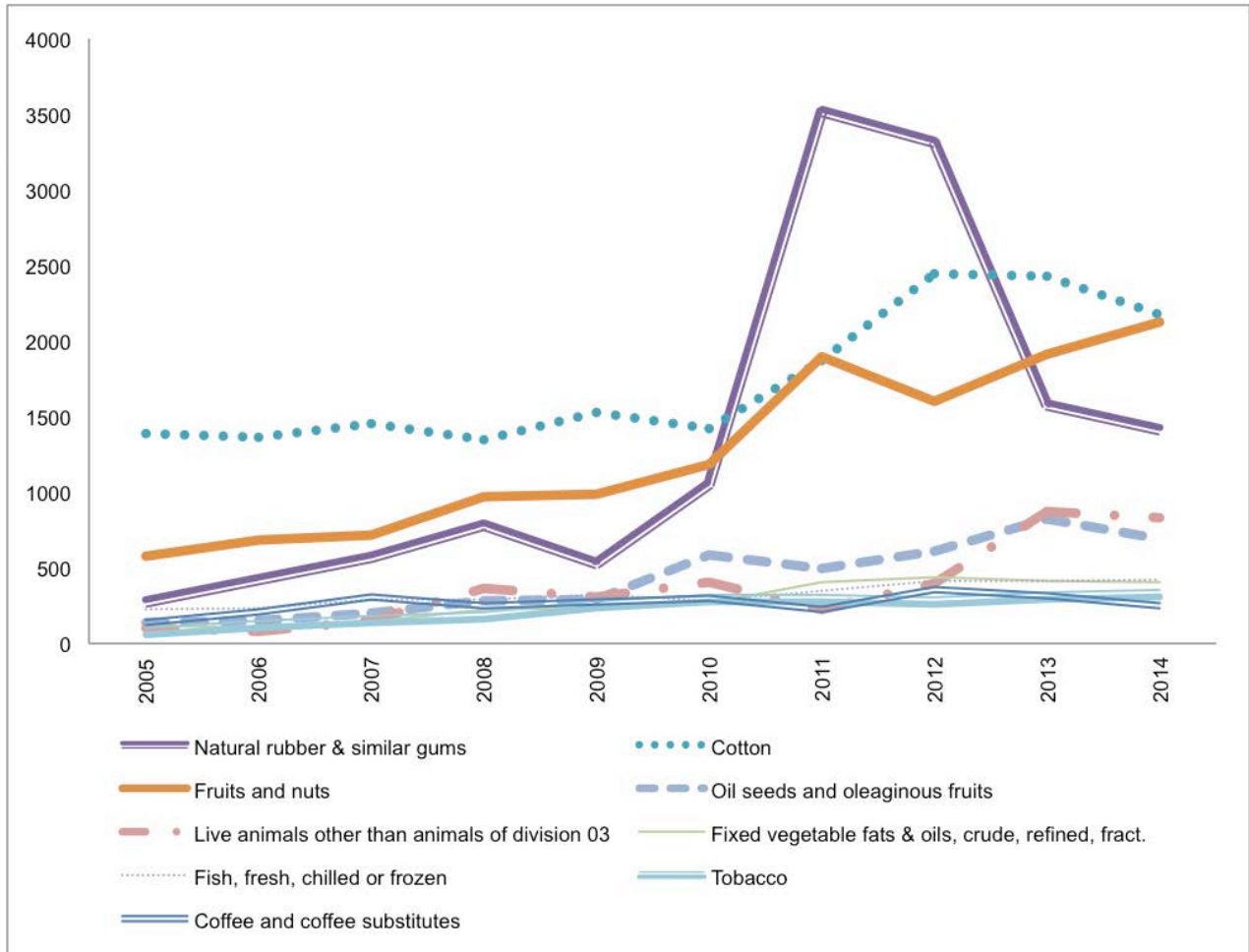


ECOWAS agricultural export trends between 2005 and 2014 (in millions of USD, based on UNCTAD database)

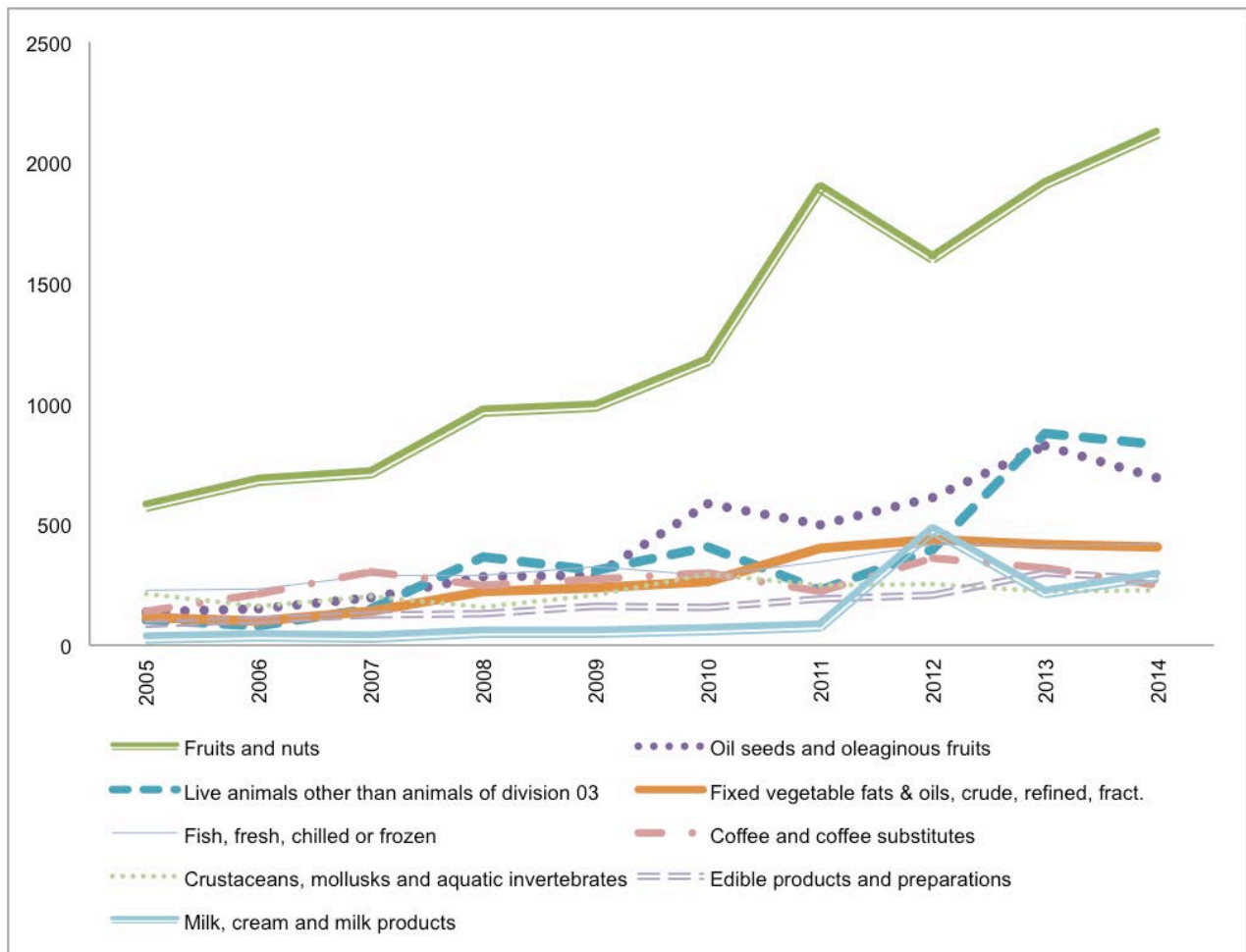


ECOWAS agricultural export trends between 2005 and 2014 (in millions of USD, based on UNCTAD database)

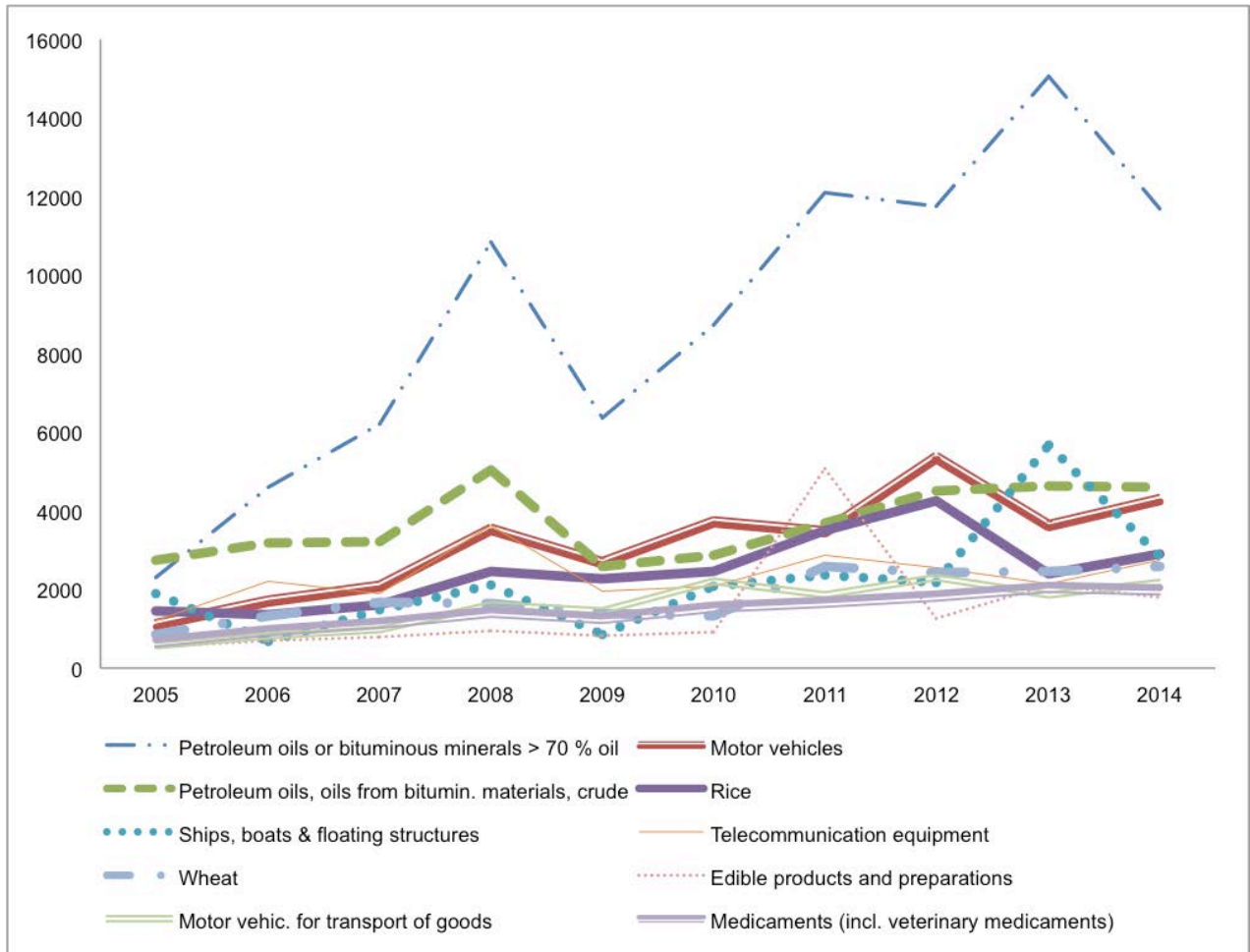
EXCLUDING COCOA



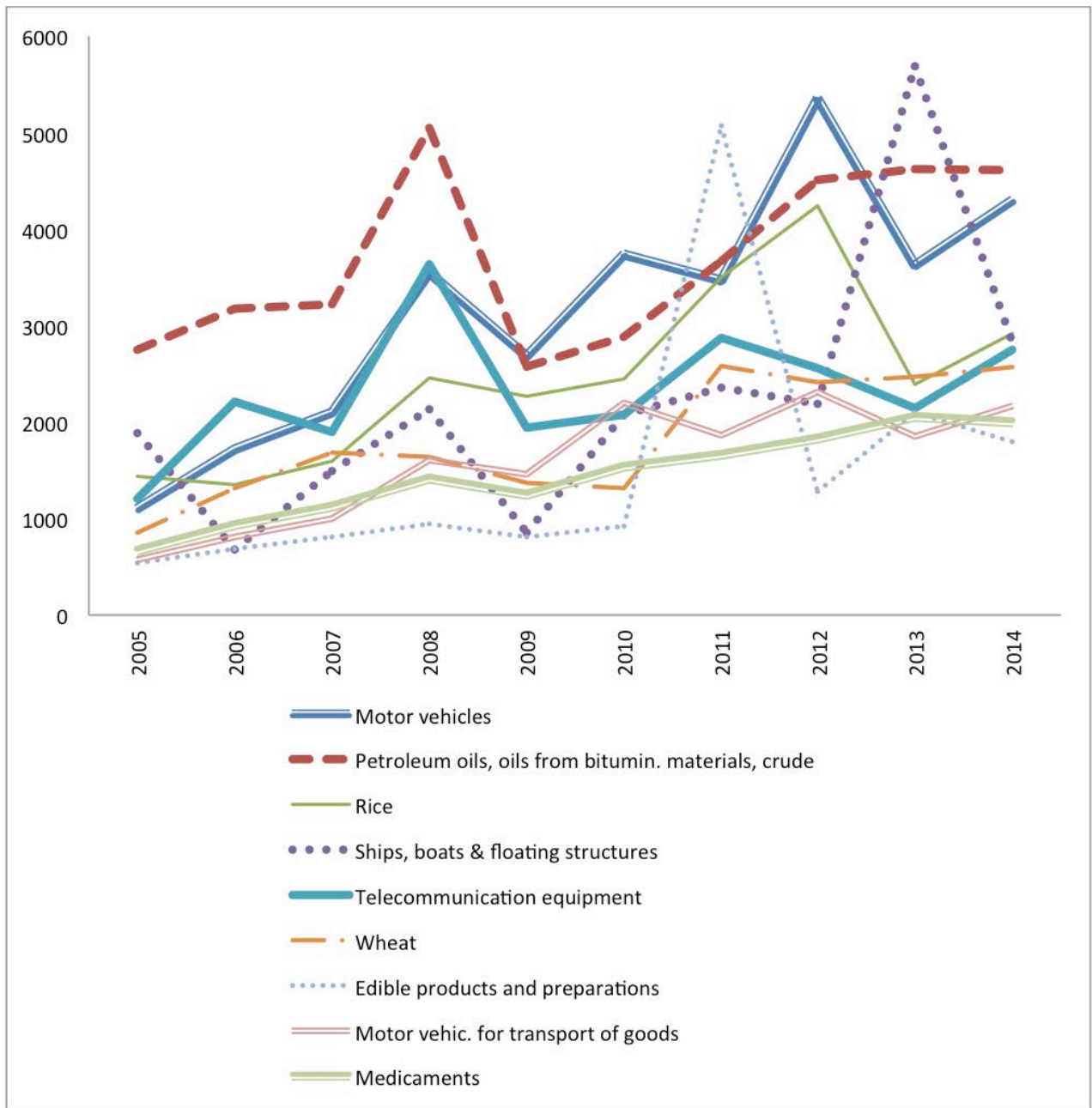
ECOWAS food export trends between 2005 and 2014 (in millions of USD, based on UNCTAD database)
EXCLUDING COCOA



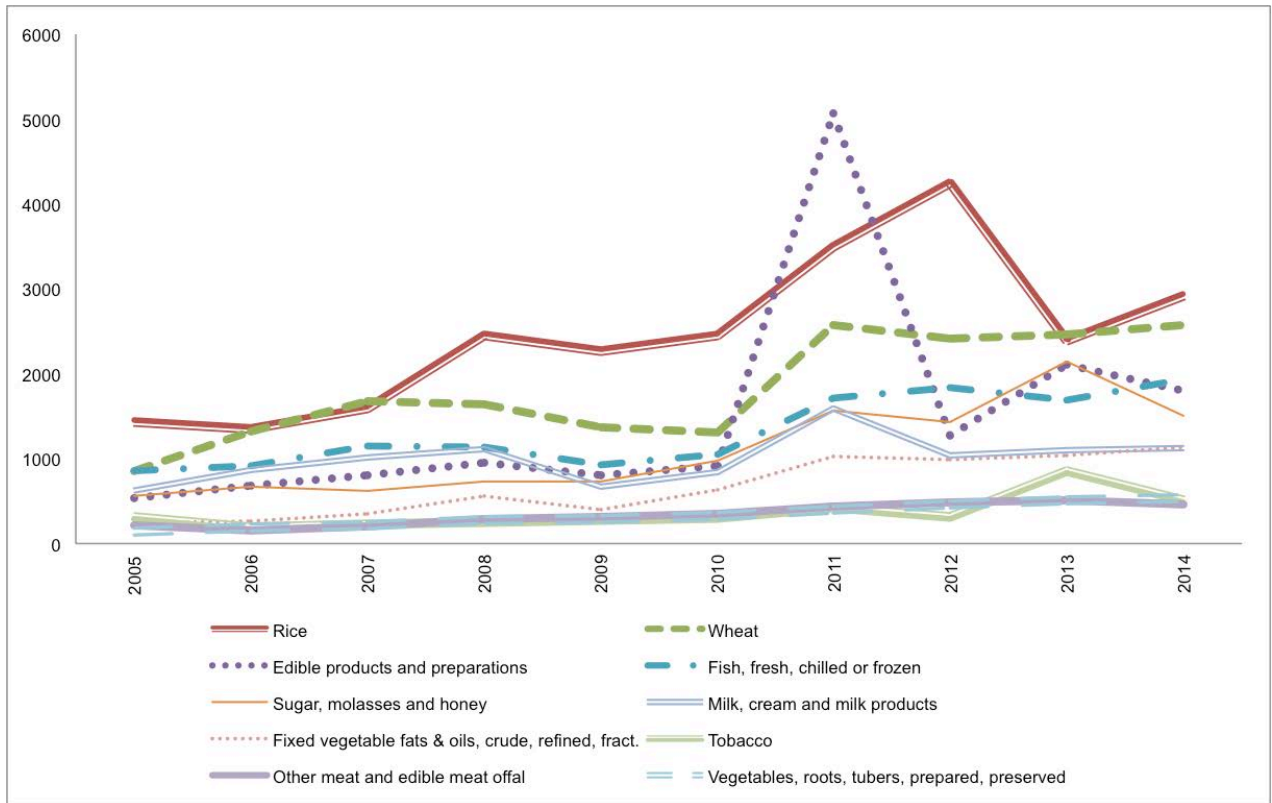
ECOWAS import trends between 2005 and 2014 (in millions of USD, based on UNCTAD database)



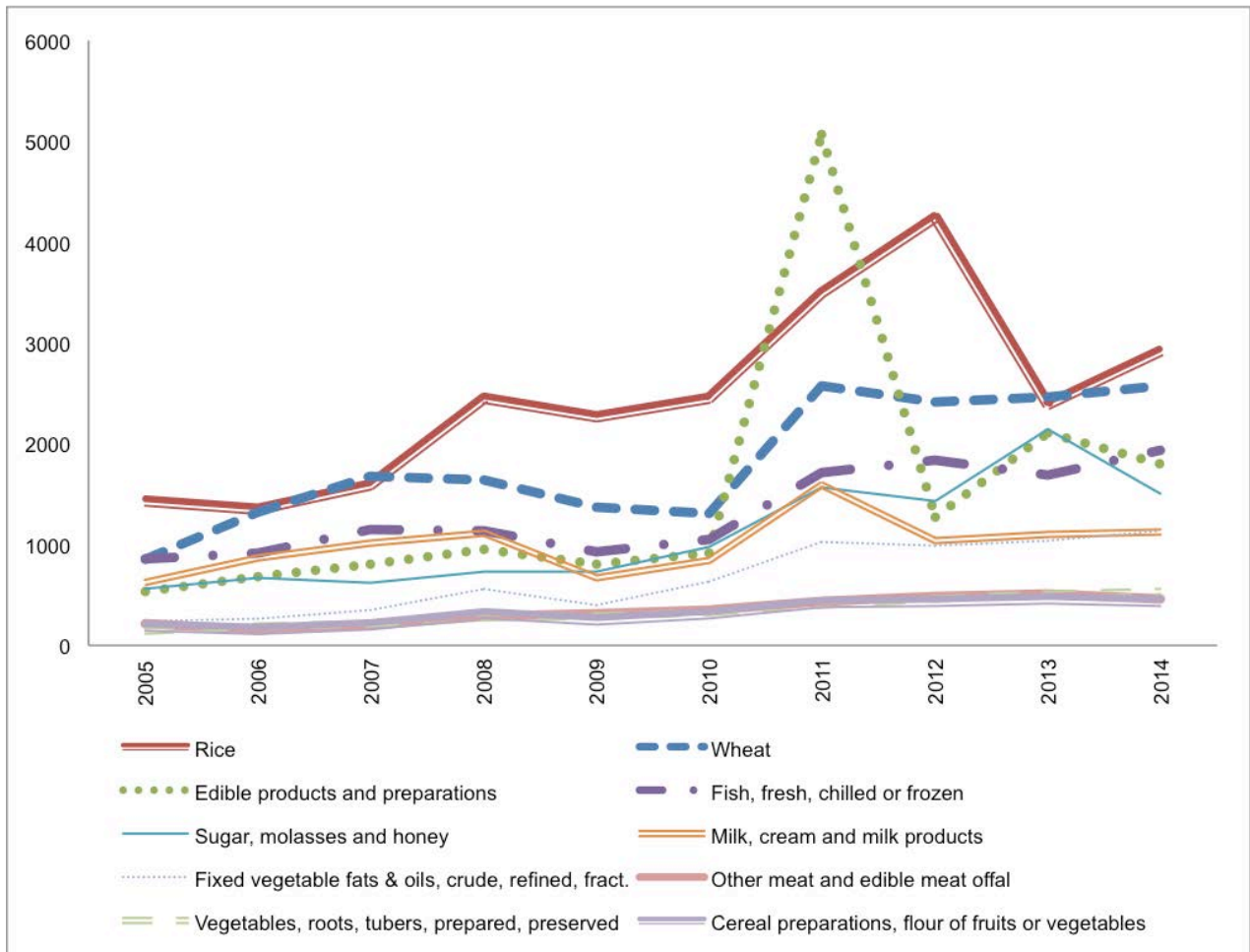
ECOWAS import trends between 2005 and 2014 (in millions of USD, based on UNCTAD database)



ECOWAS agricultural import trends between 2005 and 2014 (in millions of USD, based on UNCTAD database)



ECOWAS food import trends between 2005 and 2014 (in thousands of USD, based on UNCTAD database)



Annex 3: Estimates of informal intra-regional trade of key food staples in ECOWAS

This information is taken from World Bank (2015).

Livestock

For local production, livestock exports are by far the most important traded product in the ECOWAS space. Exporters are the Sahelian countries, serving the coastal markets. According to the strategic action plan of ECOWAS (2010), intraregional exchanges have increased over the past years but still face numerous barriers.

Cattle and small ruminant exports from Mali and Burkina Faso amount to, according to Josserand (2013), only \$451 million (the majority, \$408 million, being cattle) for 2012. FAOSTAT official data report \$181.6 million, which is 60% lower than the estimate provided by Josserand. UN Comtrade data report \$147.8 million in 2012 for the entire region, which is 70% lower than Josserand's estimate. Surveys by the CILSS report exports of \$101.6 million for the last trimester of 2013, consistent with the estimates provided by Josserand.

The data reported by Josserand and CILSS capture two of the three main exporters (Mali and Burkina Faso) but do not include exports from Niger, thus representing a lower-bound estimate of the cattle trade in the ECOWAS space. Additional figures for cattle and small ruminant exports are provided by BCEAO. Balance of Payments statistics, and **suggest that Niger is the largest exporter in the region, accounting for more than half of the exports** of UEMOA region. For 2010, the last year available with export figures for the three main exporters, statistics show exports of \$198 million, a number comparable to those reported in official statistics. Niger is the main exporter, with a bit less than 60% of this total. Kamuanga and others (2008) estimated that every year more than 2 million cattle are driven in transhumance to **Benin, Burkina Faso, Chad, Mali, and Nigeria**. If one recognizes that Chad is itself a large exporter with various estimates of exports of 550,000–700,000 heads of cattle (Kossou 2013) and Mali and Burkina Faso export an estimated 730,000 heads (Josserand 2013), these figures are broadly consistent with estimates that put the exports of Niger above or on par with the exports of Mali and Burkina Faso together. Therefore, one can safely assume that exports of cattle in ECOWAS are above the \$800 million mark.

For the period 2008–10, official statistics from BCEAO suggest a decline in regional exports of live animals by about one third, followed by a rebound. However, **the region is a net importer of processed animal products, meats, milk, and eggs** (Kamuanga and others 2008). Urbanization and the changing consumer tastes that come with higher incomes are again pushing demand higher, and demand seems to be consistently outstripping supply. Of course, the region may not have a comparative advantage in processing operations because of the relative capital intensity of those operations for livestock compared with those for agriculture and because it depends on carefully controlled supply chains (for example, for temperature) to ensure minimum health standards. Nonetheless, some untapped potential appears to exist in this area given the advantage of having production sources close to demand sources. Recent surveys from CILSS (2014) show that **exports from Mali are principally destined for Senegal and Côte d'Ivoire** and, to a lesser extent, Guinea, while **exports from Burkina Faso are bound towards Benin, Côte d'Ivoire, Ghana, Niger, Nigeria, and Togo**. According to the World Bank (2010), **90% of Niger's exports are destined for Nigeria**. The **main destination markets in the region are, in order of volume, Nigeria (by far the largest market in the region), Ghana, Côte d'Ivoire, and Senegal**. According to Keturakis (2012) **90% of cattle in Côte d'Ivoire are imported from Mali**. This represents a change from the not-so-distant past when more animals were sourced from Burkina Faso and even Niger. The change in sourcing arose because train services from Burkina Faso have decreased and demand from the two main markets in the region—Nigeria (where prices are higher) and Ghana (where payments are in cash and easier)—has pulled supply away from Côte d'Ivoire. In addition, competition in Nigeria from Mali and Burkina Faso producers has affected Niger's export prospects there (World Bank 2010). Some transit also occurs through Côte d'Ivoire to Ghana, and Benin to Nigeria.

Cattle trade is the largest in value, but the trade for small ruminants (sheep) is also important, especially from Mali, with Côte d'Ivoire as the main destination market. Mali represents about 60% of exports to Côte d'Ivoire, and 40% originate from Burkina Faso (Keturakis 2012).

Maize

For eight of the ECOWAS member countries, estimates from market surveys (Josserand 2013) value trade flows in maize at \$65.6 million in 2011. Comtrade data report a value of \$16.9 million in 2012 for the entire ECOWAS region, which is 75% lower. FAOSTAT official data report a value of only \$3.2 million for 2011. Although the figures lack precision, **the value of livestock trade clearly far outstrips the value of maize trade in the region.** This finding is generally true for other grains in the region as well. Recent CILSS surveys provide another source of information. To date, surveys for only the last quarter of 2013 are available. They report \$7.1 million of trade in maize. These estimates suggest trade flows that are below those estimated by Josserand (2013).

The largest sources of exports of maize are Côte d'Ivoire, Nigeria, and Burkina Faso. Exports also come from the coastal countries of Ghana and Benin (Maliki Amadou 2014). Transit trade also occurs through countries such as Ghana (Fernandez and Cook 2014). Mali is a recent exporter because it is experiencing a surplus at the national level. The maize production has more than tripled over the past 20 years, fueled by input subsidies and by an increase in domestic and foreign demand (Staatz and others 2011). Main destination countries are both north and south of production zones, toward Niger, Senegal, and Burkina Faso.

Burkina Faso is both exporter and importer: this fact suggests that the country's regions may trade with neighbors rather than with each other and that Burkina Faso is a transit market. Trade with neighboring countries is motivated by seasonality. Maize is imported from Côte d'Ivoire notably during the soudure period, or hunger season, in June–July, corresponding to the harvest period in Côte d'Ivoire. It is also imported from Ghana in the West and Central Cascade region and is exported to Ghana for two to three months after its October–November harvest (WAFM 2014). Pannhausen and Untied (2010) report that exports of maize in Burkina Faso are a relatively recent phenomenon—the result of production growth outstripping domestic demand growth, as in Mali.

These recent phenomena could explain why no traditional trade ties existed with other regions in Burkina Faso and why the surplus production then was directed toward presumably more attractive demand (either because of transportation costs or price offered) across the border. Such nontraditional trade flows are being challenged; according to Pannhausen and Untied (2010), these exports are perceived as running counter to the objective of reducing national deficits in food staples and promoting food security.

In the case of Côte d'Ivoire, a survey conducted in 2012 (Keturakis 2012) shows that Bouaké, the second-largest city in Côte d'Ivoire, is a major market shed for maize, and much of the maize exported and traded in Côte d'Ivoire passes through this market. In addition, the data indicate that exports are about 34,752 MT per year. This amount values the exports from Bouaké at about \$8.5 million. For an overall perspective, CILSS (2014) reports for the last quarter of 2013 that Côte d'Ivoire had 10,336 MT of exports at a value of \$2 million.

Millet, sorghum, and fonio

Estimates from the USAID Agribusiness and Trade Promotion (ATP) survey for 2011, show exports of millet and sorghum from Burkina Faso, Mali, and Nigeria that amounted to 69,111 MT. FAO reports 19,269 MT only (85% less), with almost no reporting of Nigerian exports. CILSS reports 30,400 MT over the last three months of 2013 alone, thus suggesting much larger trade than captured by both FAO and the USAID ATP survey.

Josserand (2013) estimates that exports of sorghum on 14 bilateral routes (not including Nigeria) in ECOWAS amounted to \$20.2 million (44,200 MT) and exports of millet on 11 bilateral routes amounted to \$8.1 million (17,800 MT). This number for millet might underestimate reality: the CILSS survey for the last three months of 2013 shows exports of \$7.3 million for millet. For sorghum, CILSS reports \$6.2 million in exports, consistent with the estimates provided by Josserand (2013).

In the absence of more complete estimates, venturing a figure for the total regional trade of sorghum and millet is difficult. The trade can be valued as at least \$30 million according to the partial estimate in Josserand (2013). According to CILSS, the main two routes for millet and sorghum exports are from the Pouytenga market in Burkina Faso toward Benin and Ghana and from the Dawanau market in Kano, Nigeria, toward Niger. WAFM (2014) also reports exports from Burkina Faso toward Niger. According to Keturakis (2012), Côte d'Ivoire imports about 35,000 MT per year of millet from Mali and Burkina Faso, which are valued at \$10.5 million. This figure tends to support the hypothesis of a higher level of regional trade than reported by Josserand (2013).

With regard to fonio, FEWS NET (2013) reports that major cross-border trade flows from Guinea to Mali and Senegal, but estimates are not available. Smaller quantities are exported to Guinea-Bissau and Côte d'Ivoire.

Rice

Josserand (2013) estimates regional trade flows of parboiled rice as being very modest, about 3,000 tons, and acknowledges that these estimates probably account for less than 10 percent of what is really traded. CILSS (2014) reports 2,741 tons for the last quarter of 2013, for a value of \$1.5 million, a number that still seems modest compared to actual trade. According to Comtrade data, formal ECOWAS exports of rice (all varieties) within the region amounted to \$105.6 million in 2012 (down from \$233.6 million in 2010), of which 74 percent is broken rice and the remainder is milled rice for the most part. These figures reflect important transshipment trade flows between countries (for instance, large trade flows between Benin and Mali in 2010 data and large flows between Senegal and neighboring Mali over the period 2010–12).

According to Campbell and others (2009), informal exports of rice are mostly from production locations close to borders. For example, informal trade has been observed between the Senegal River Valley and Mauritania, where rice prices were higher. According to the same study, trade from surplus areas to urban markets remains within the country of production, because high transport costs and customs formalities tend to discourage exports.

Rice is both produced and imported in the region. Most of the trade in rice within the region is actually trade of imported rice. Flows of imported rice in West Africa occur nearly everywhere in the region. According to Campbell and others (2009), this trade is very significant: “for example, as much as 800,000 MT of rice are formally imported into Benin in some years, but the bulk of these imports are parboiled rice, which enters the Nigerian market through informal channels.” Regional shares of rice imports indeed show that Benin is among the largest importers in the region with 11 percent of total imports landing in Cotonou. A similar phenomenon of arbitrage trade occurs for imports of poultry meat.

Government policies often create the incentives for arbitrage trade and also try to prevent it. A study by the Bill and Melinda Gates Foundation (2012) reports that despite the ban on rice exports in Burkina Faso, the measure is very difficult to enforce. Local traders still find ways to export, leading to unofficial estimates that up to 20 percent of locally produced rice paddy from Burkina Faso leaves the country illegally. In Guinea, the importation of rice is subsidized (through import duty exemptions and import subsidies), and according to FEWS NET (2013), the government exerts pressure on private importers and distributors to maintain prices at relatively low levels. In several instances as well, the government has freely distributed rice in the major urban centers. Reportedly, rice is informally reexported to neighboring countries because its price is often lower in Guinea than in neighboring countries.

Cassava

Trade in fresh cassava is limited because of the bulky nature and short shelf life of the product. However, light transformation in the form of gari or attiéké (a couscous-like product) enables the product to be exchanged. Cassava is also used in producing flour, as a substitute to wheat flour. As the main regional producer, Nigeria exports very limited amounts of cassava to neighboring countries (Niger) in the form of gari (Babatunde 2012). Nigeria also began exporting bread with 20% cassava content (as specified by Nigeria’s production requirements) in the ECOWAS region in December 2012 (Elazeh 2012; Gaffney and others 2012). Ghana also exports cassava products to Burkina Faso and Niger (WAFM 2014). According to International Trade Centre statistics reported by WAFM (2014), Ghana’s exports of gari to Niger totaled \$16.2 million in 2012, which suggests important trade flows in value. According to Keturakis (2012) and FEWS NET (2013), a vigorous trade exists between Guinea and Sierra Leone. Interviews conducted by USAID staff estimated that gari imports from Sierra Leone, via both the Forécariah crossing and the pirogues (small boats) that transit between Conakry and Freetown, amount to more than 164,000 MT per year. In contrast, exports of cassava from Guinea to neighboring countries (Guinea-Bissau, Senegal, and Mali) are usually minor. Finally, attiéké is traded regionally with increasing importance.

Yams, sweet potatoes, and other crops

Transportation and storage of yams and sweet potatoes are difficult because of their short storage life and the threat of damage during transportation. The region’s largest producer for both staples is Nigeria. However, Nigeria exports very few yams according to official statistics. Sweet potato exports are also relatively marginal (less than \$200,000 reported by Comtrade) in trade with Niger and Chad (Bergh and others 2012a). Most of the yam export trade is toward outside markets. According to the Nigerian Food Export Promotion Council, Nigeria exported \$583 million of yams in 2009 (Bergh and others 2012b). Ghana is the main exporter of yams in the region, but according to FAO, most exports are destined for European markets (FAO 2013).

Very little data are available about the cowpea (niébé) trade, yet exports of the product seem locally important. For instance, according totaled \$92.7 million in 2011.

Annex 4: Production and market flow maps for rice, maize, millet, cowpea and yam

Figure 1: Production and market flow maps for rice (USAID, FEWSNET, 2009)

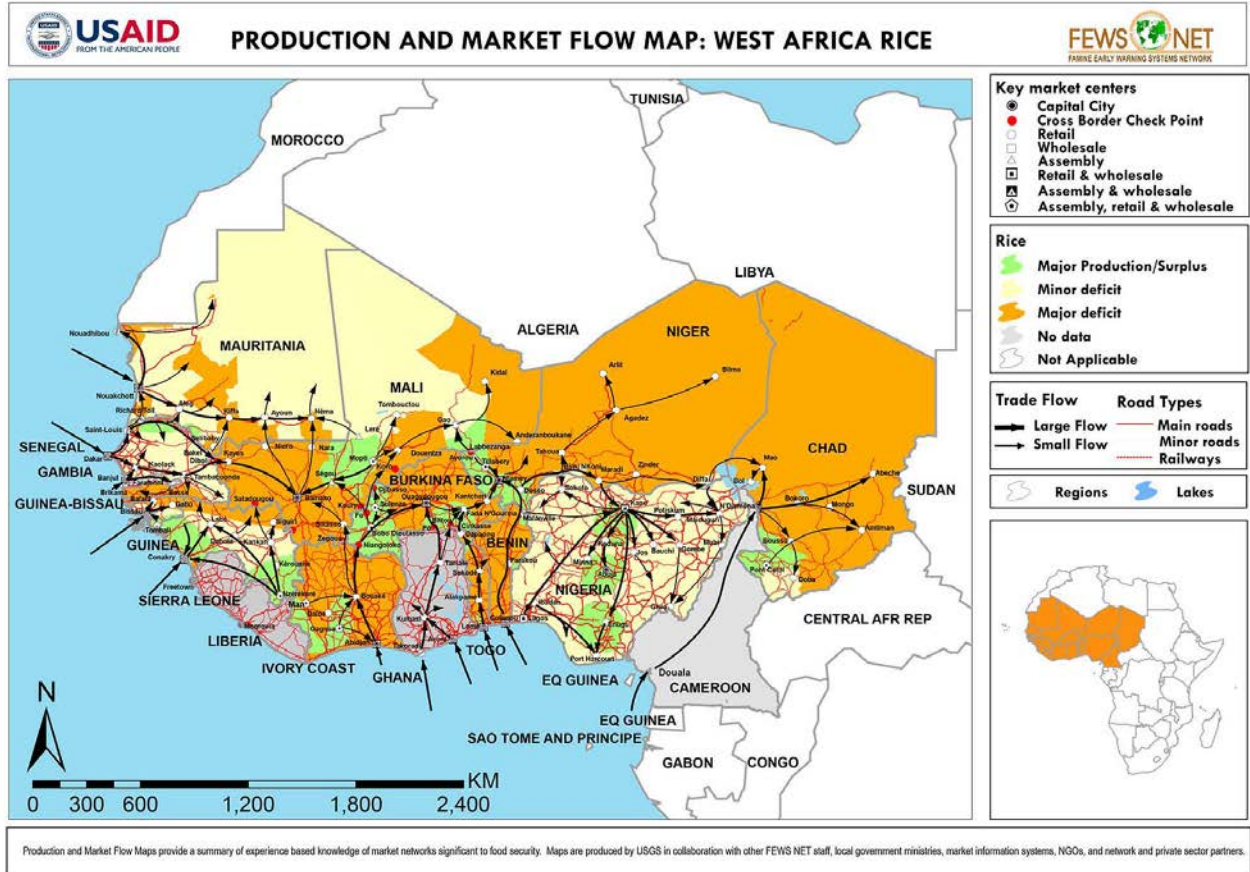


Figure 2: Production and market flow maps for maize (USAID, FEWSNET, 2009)

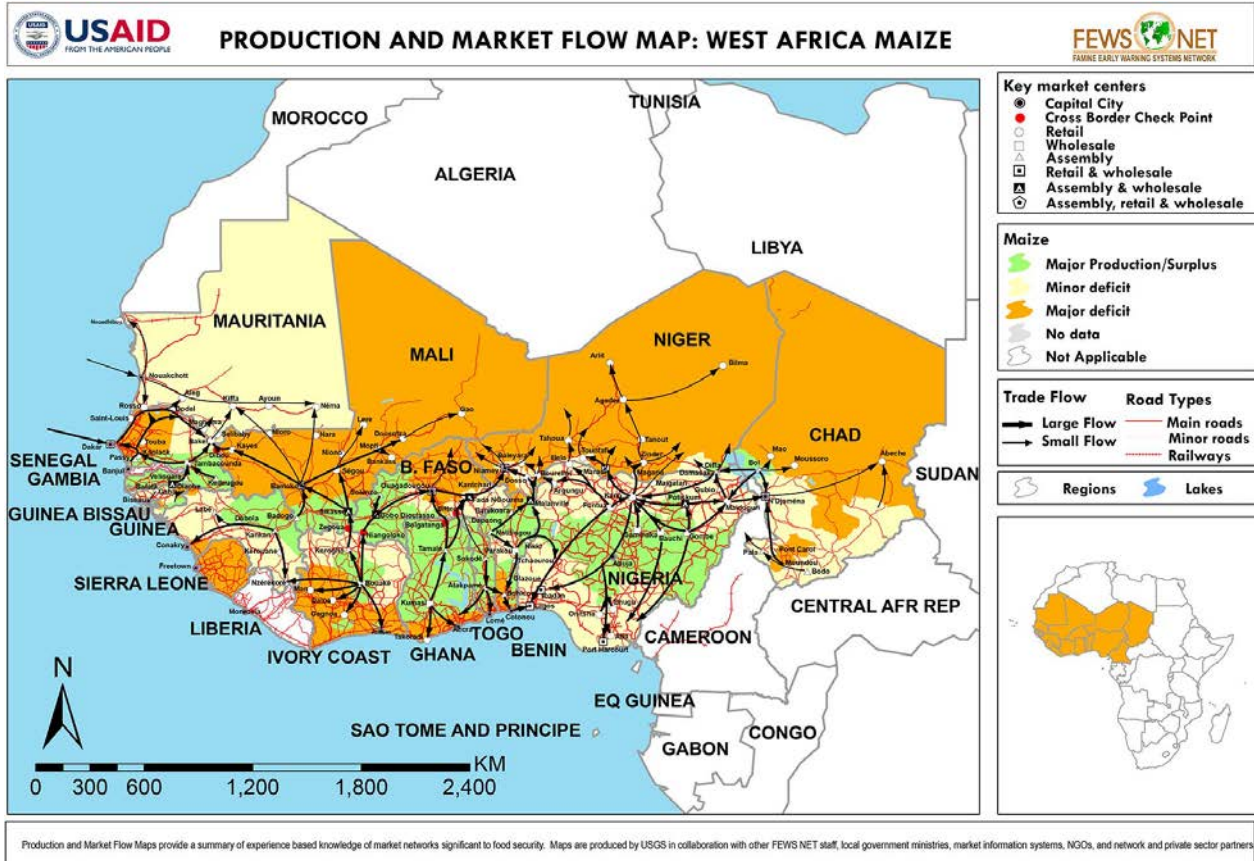


Figure 3: Production and market flow maps for millet (USAID, FEWSNET, 2009)

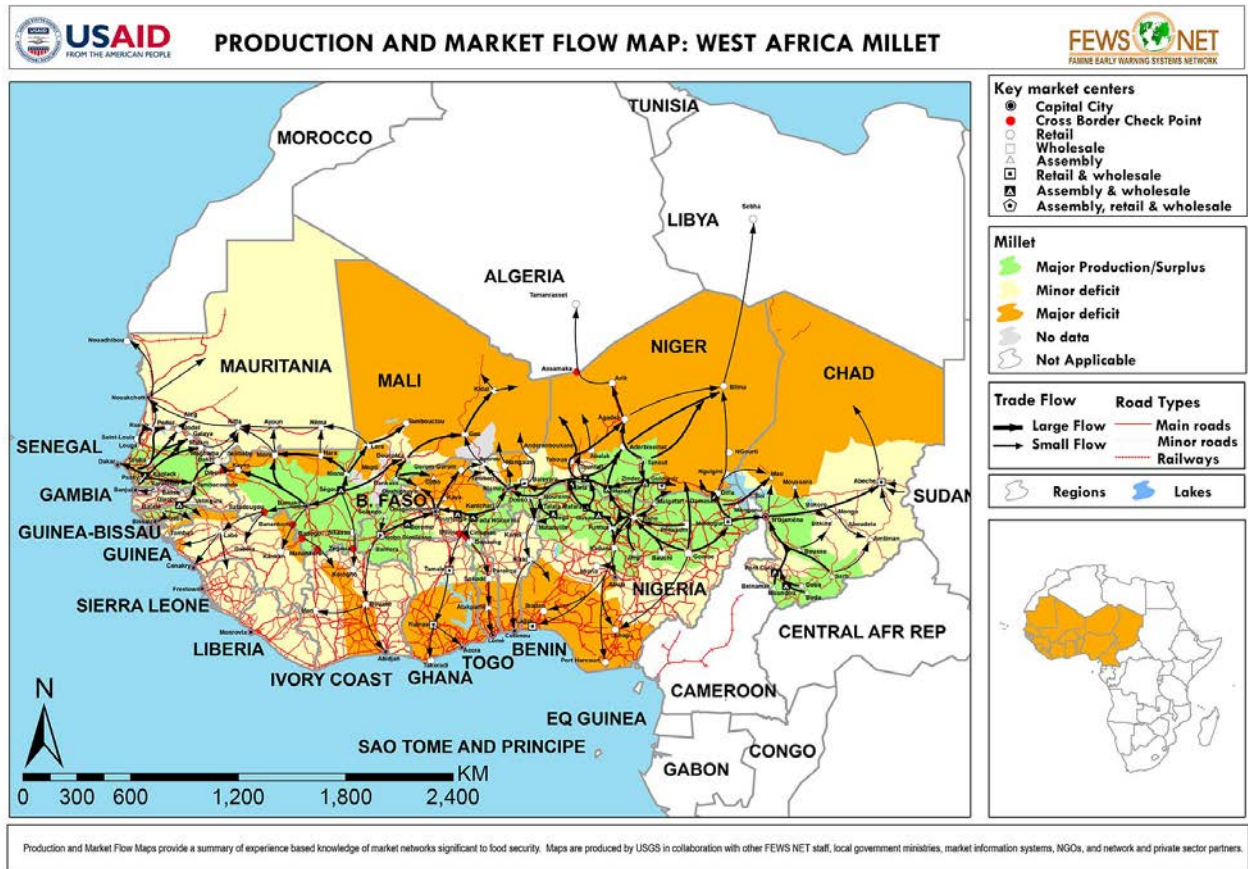


Figure 4: Production and market flow maps for cowpea (USAID, FEWSNET, 2009)

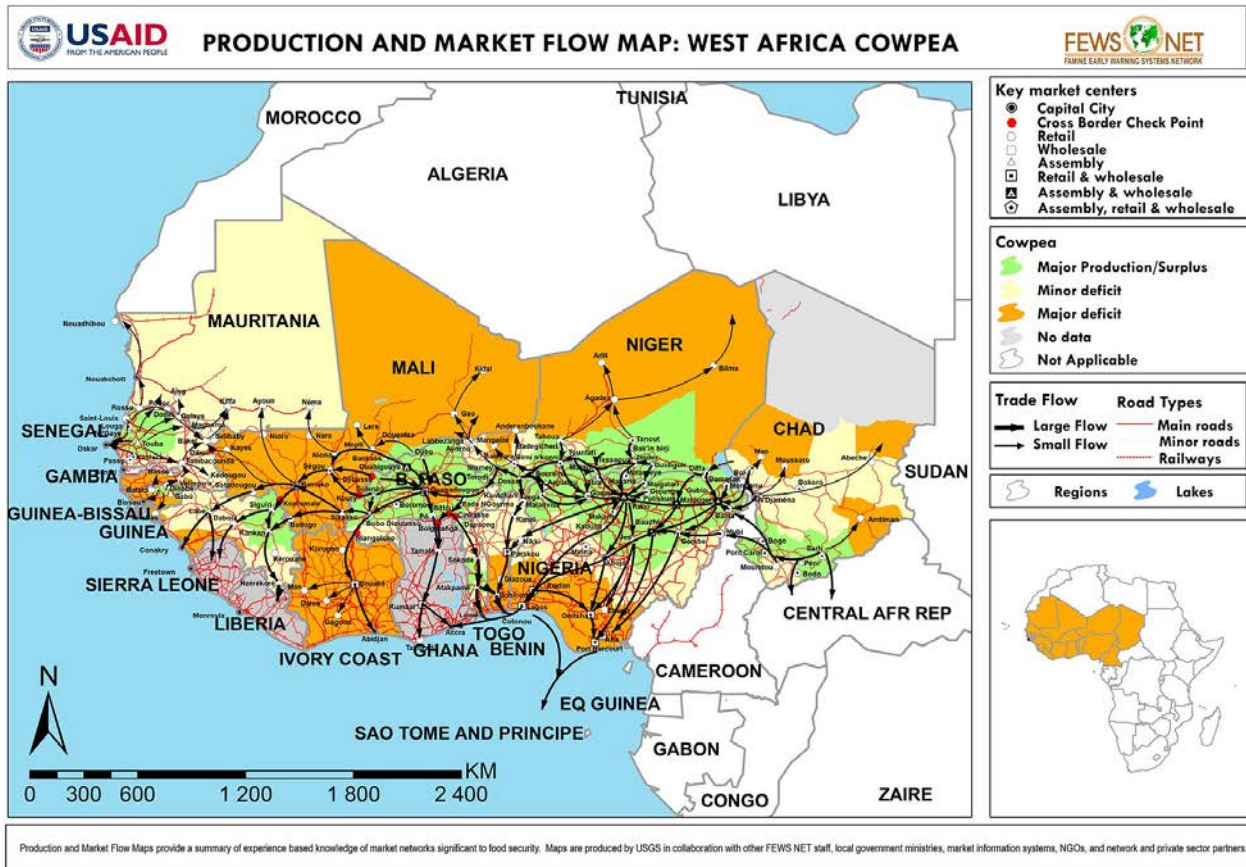
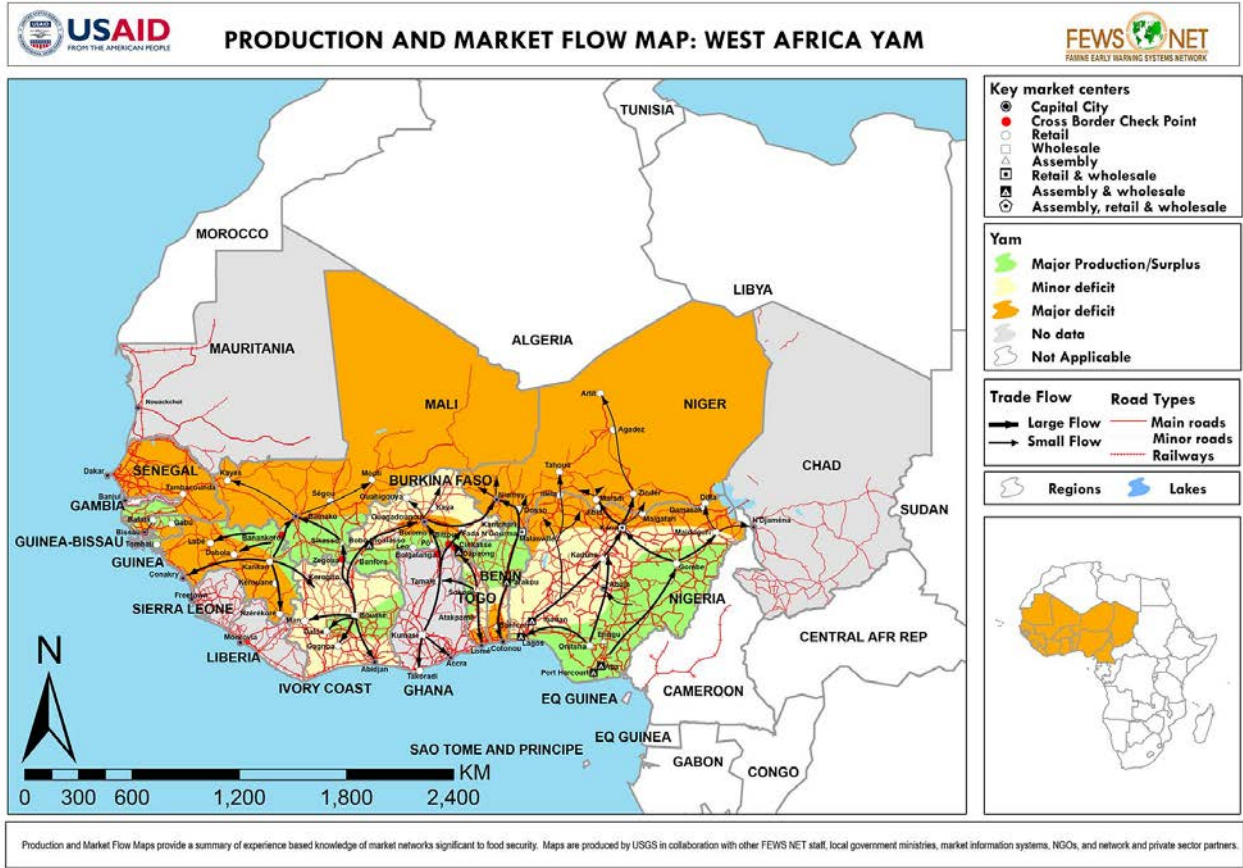


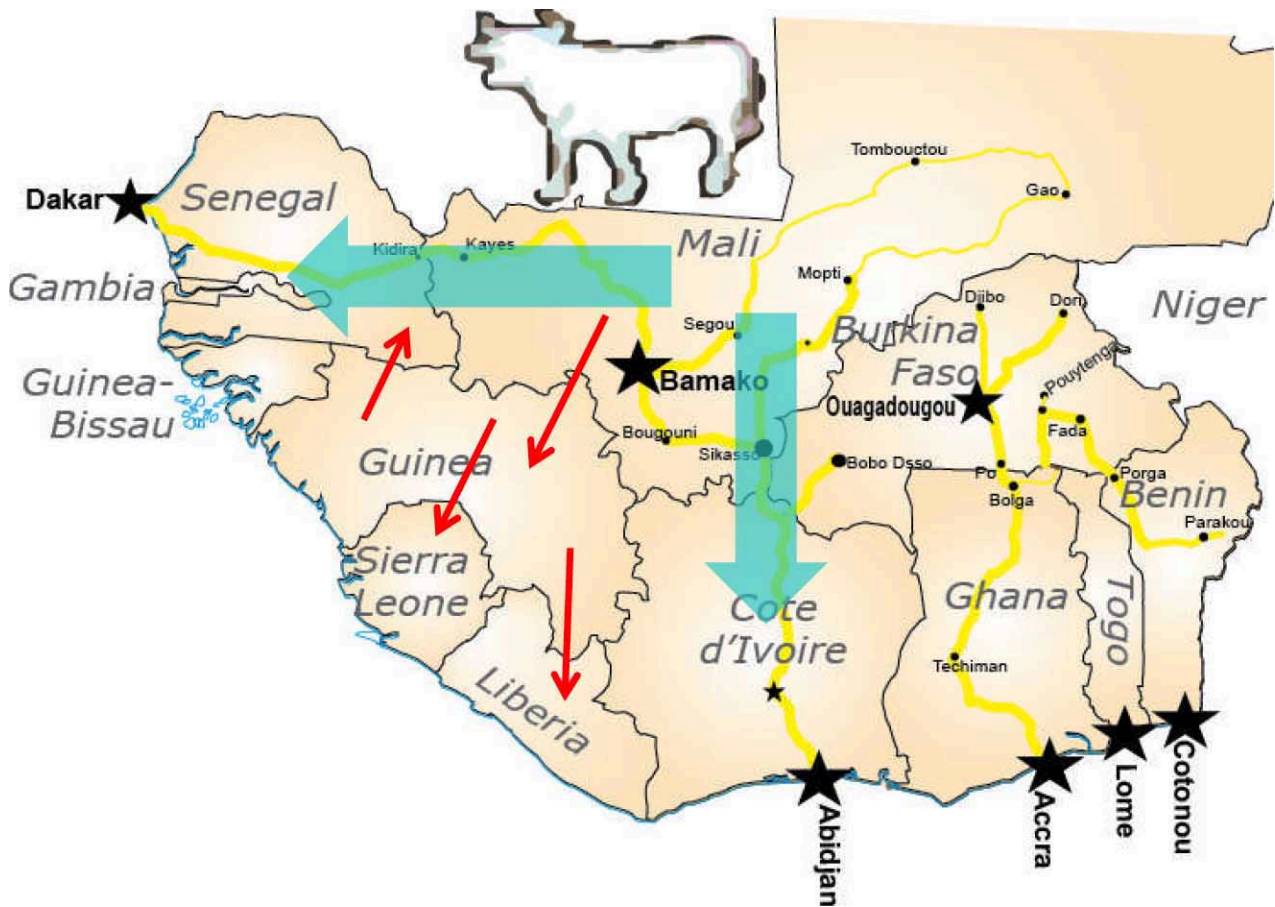
Figure 5: Production and market flow maps for yam (USAID, FEWSNET, 2009)



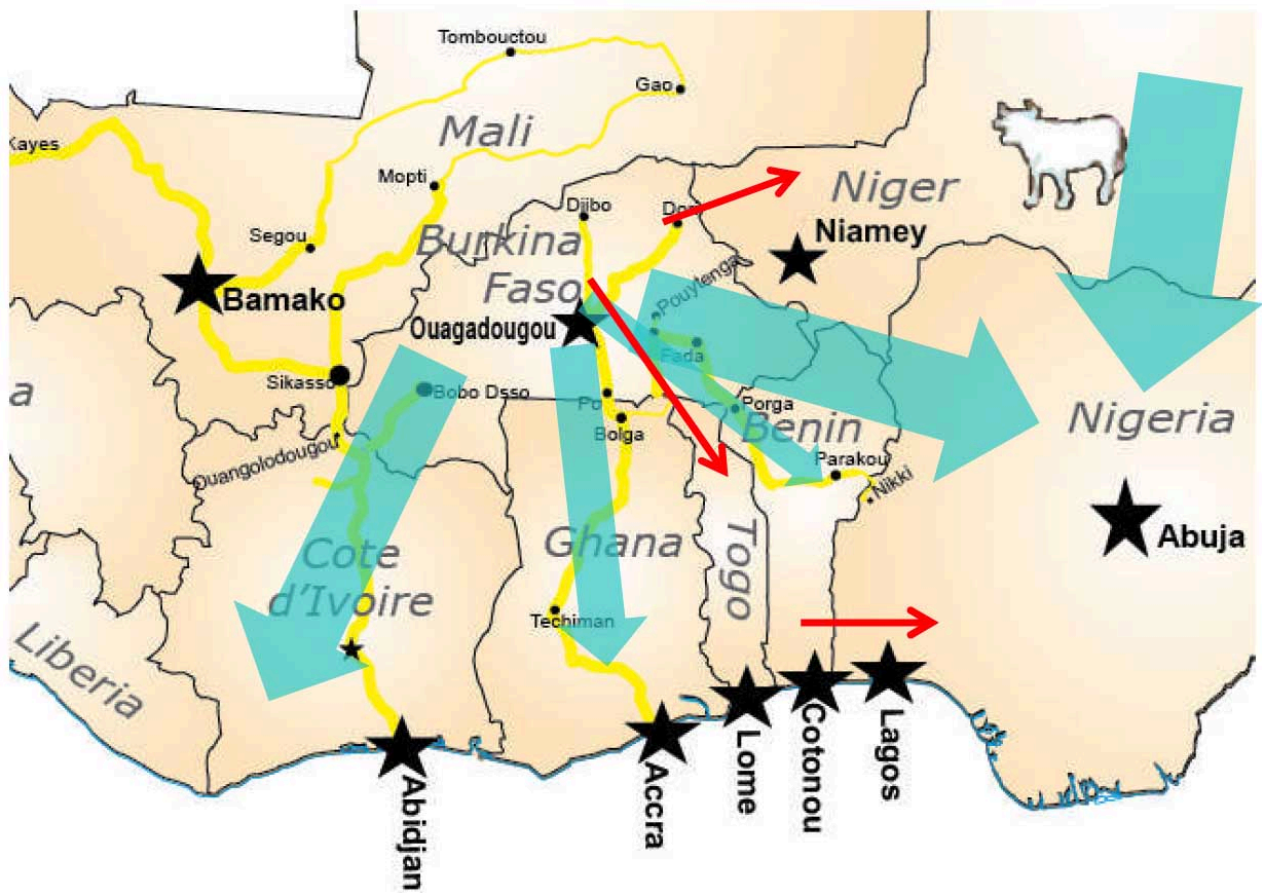
Annex 5: Assessment of volume and value of regionally traded staple commodities (livestock, millet/sorghum and onion)

Maps based on USAID ATP project data (Josserand, H. Food Across Borders Conference, Accra, January 2013)

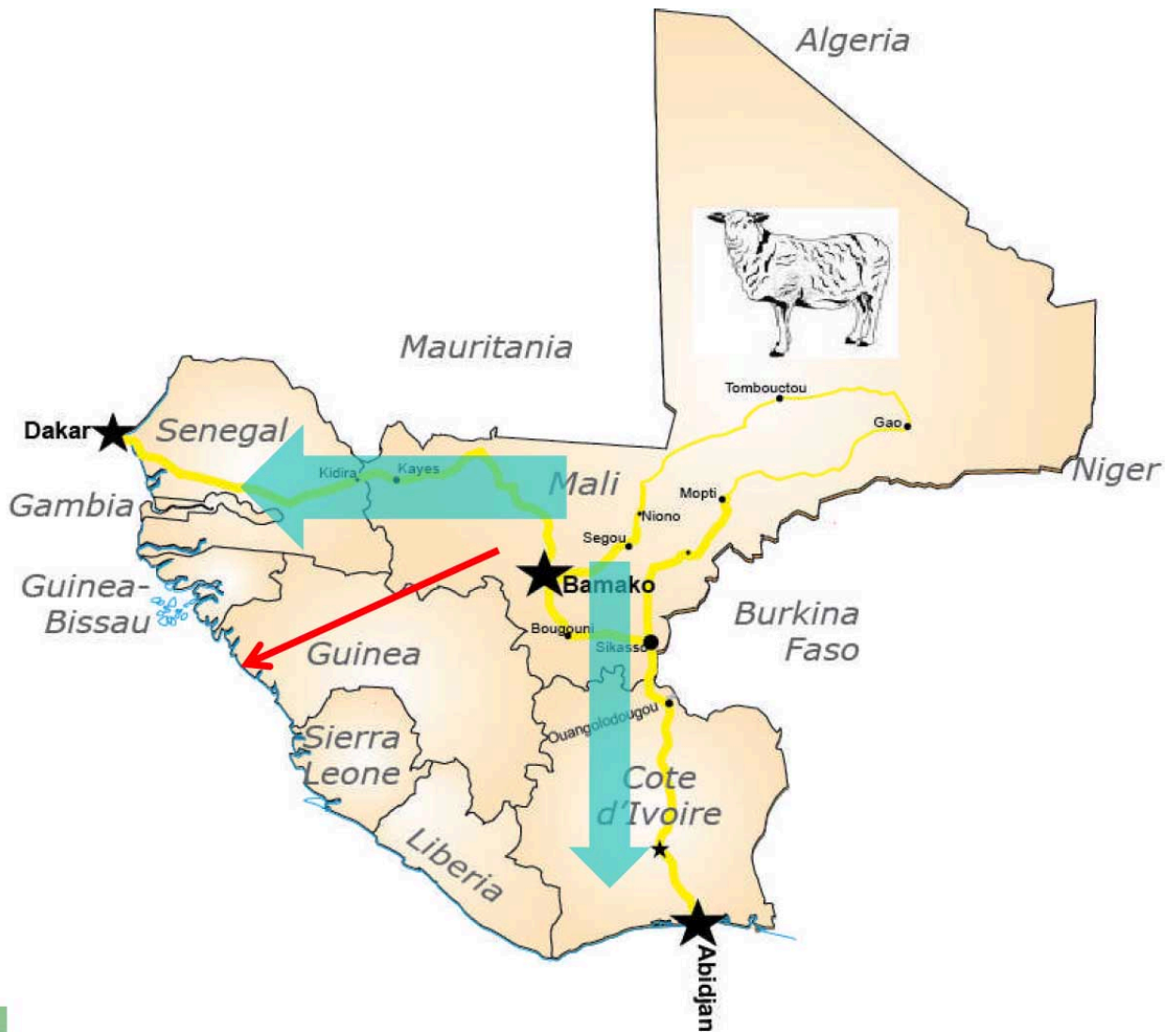
Cattle trade flows from Mali, Guinea



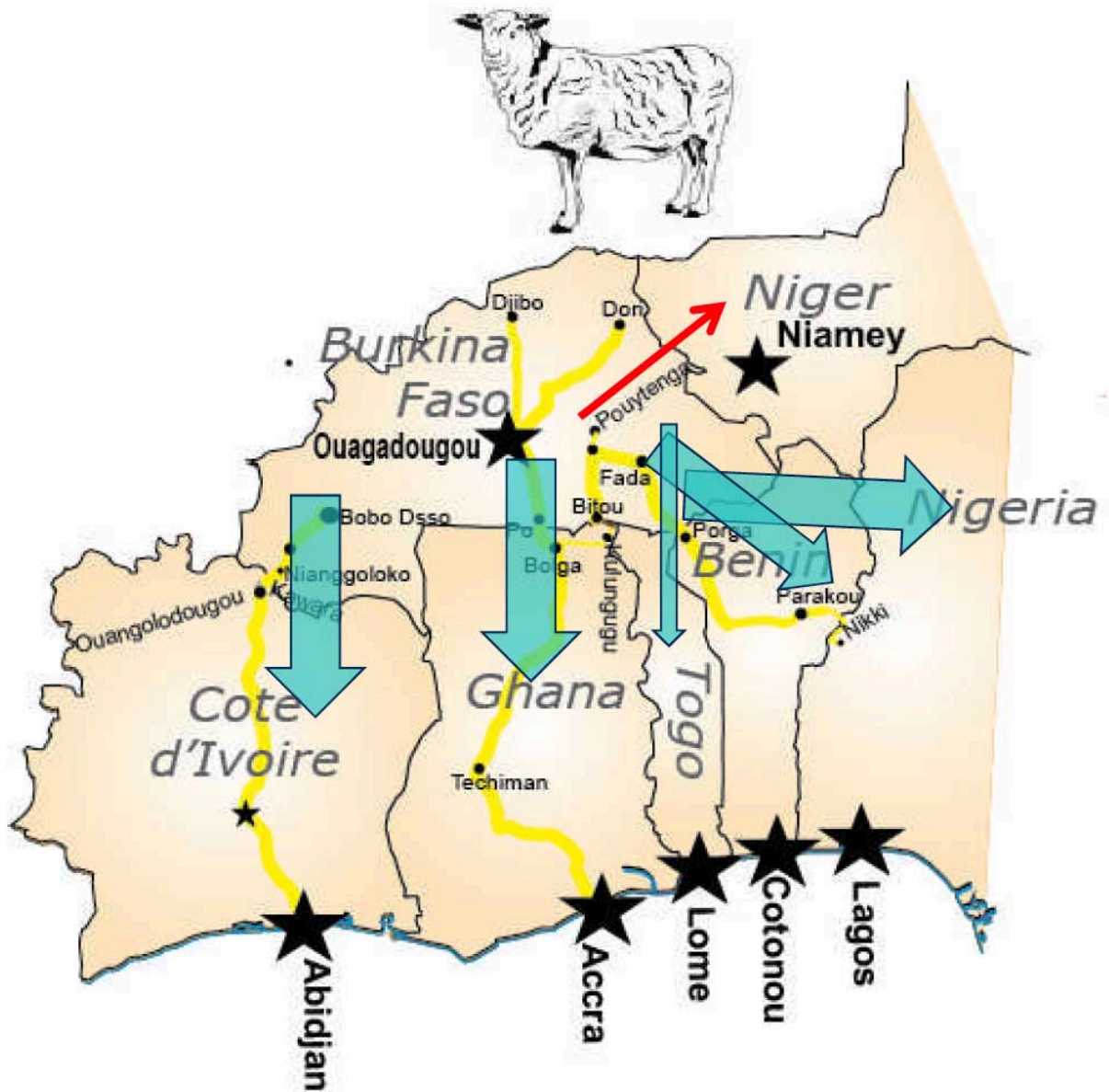
Cattle trade flows from Burkina Faso, Benin, Niger



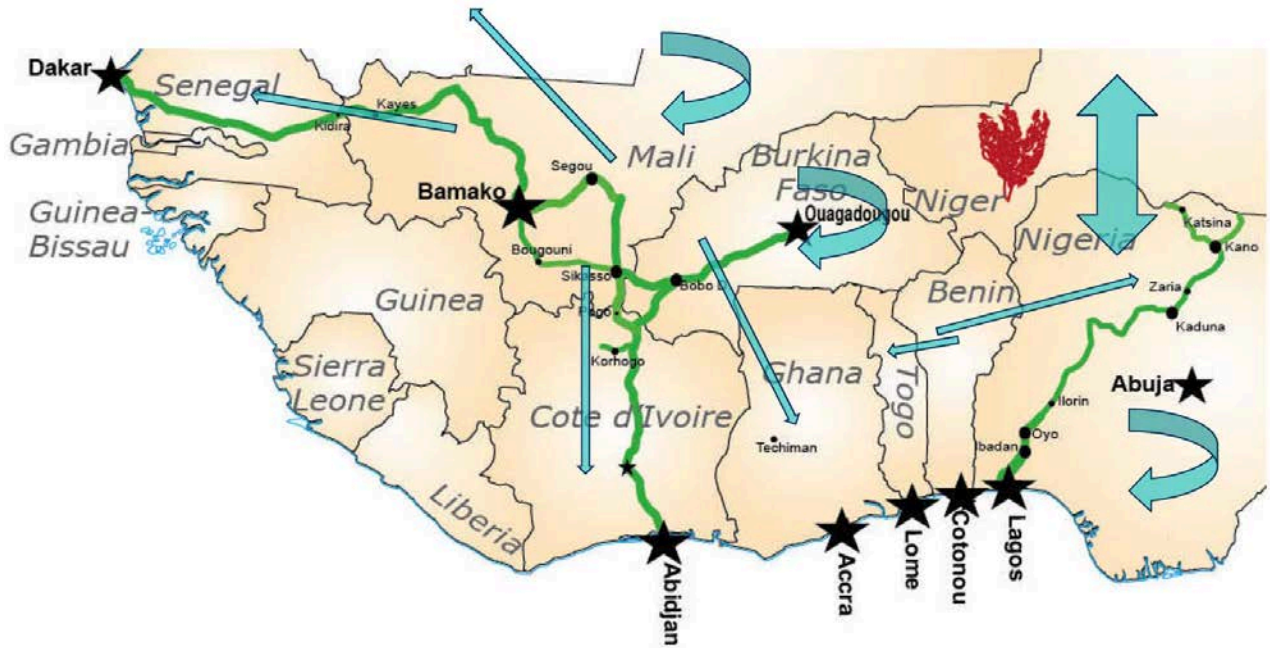
Small ruminants trade flows from Mali



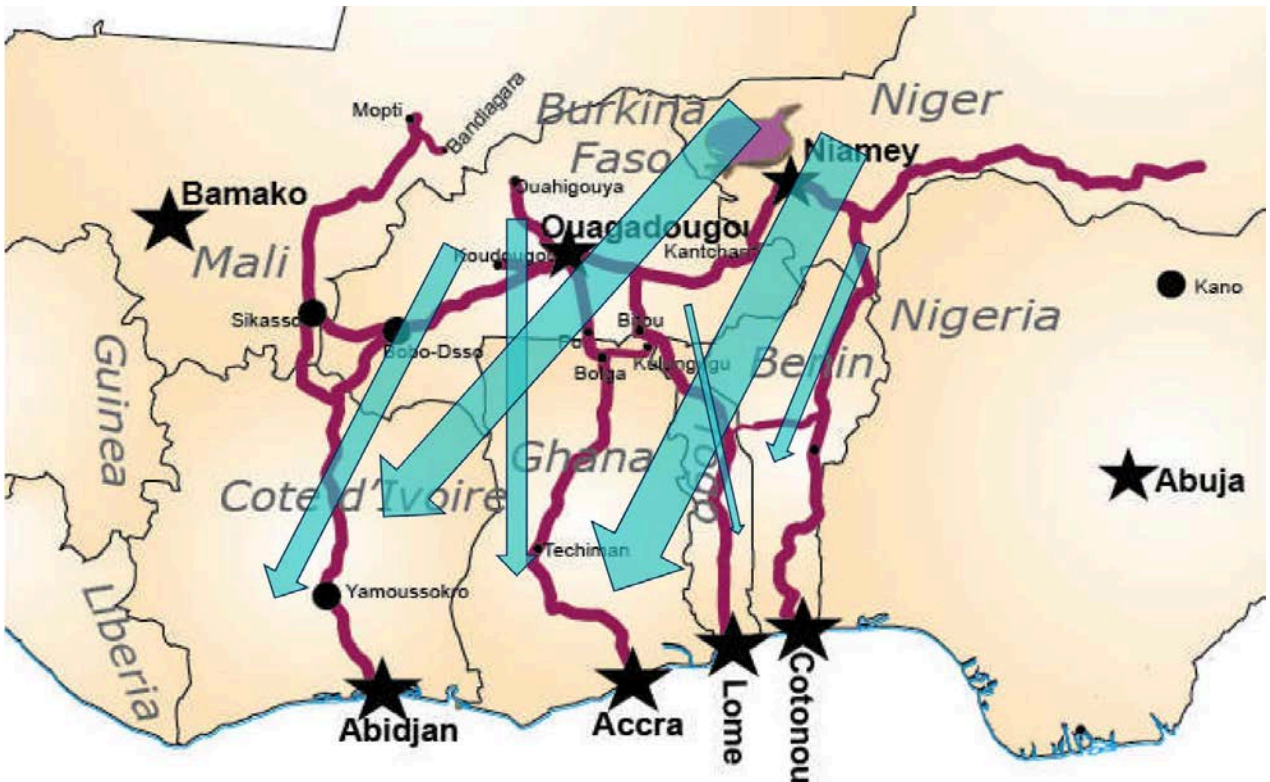
Small ruminant trade flows from Burkina Faso



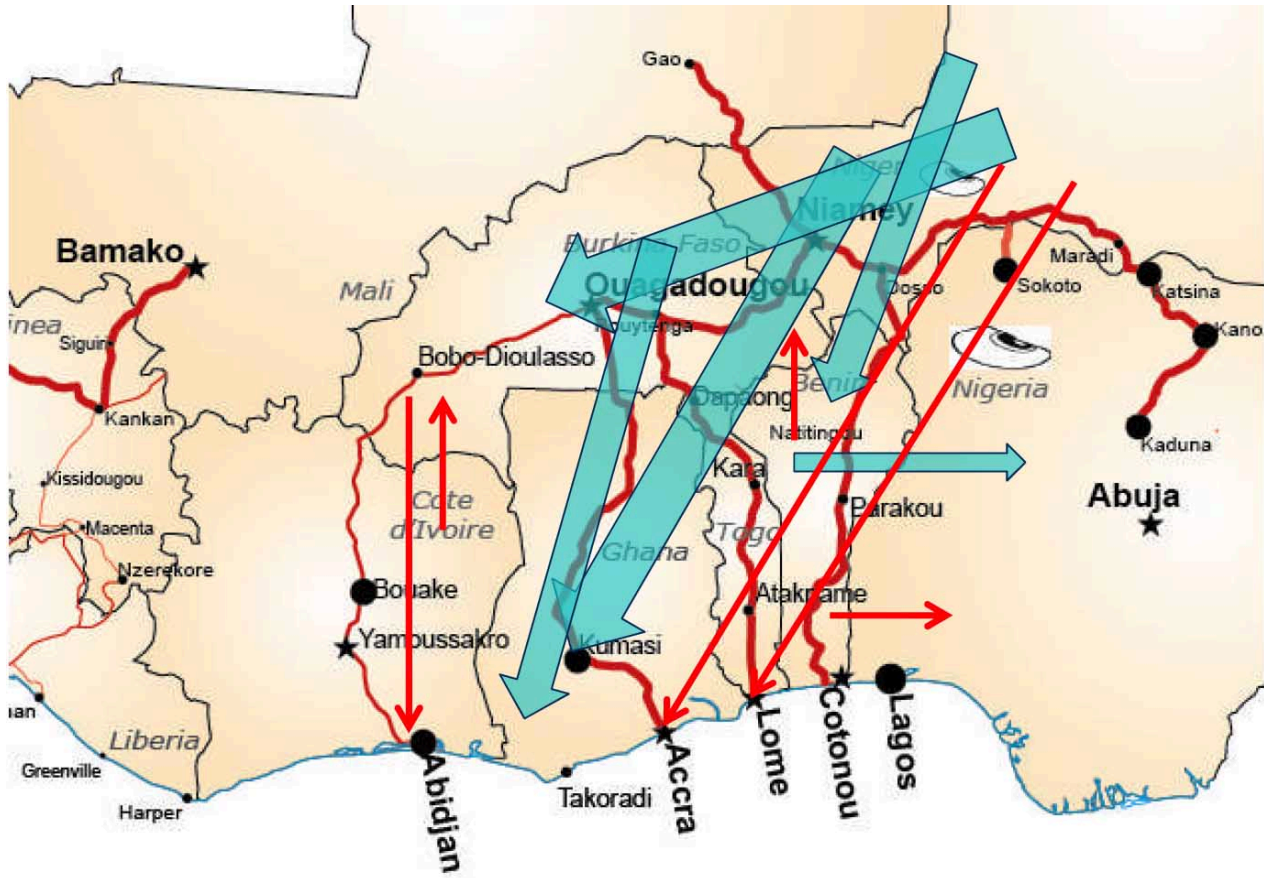
Millet/Sorghum trade flows from Benin, Burkina Faso, Nigeria, Mali



Onion trade flows from Niger and Burkina Faso

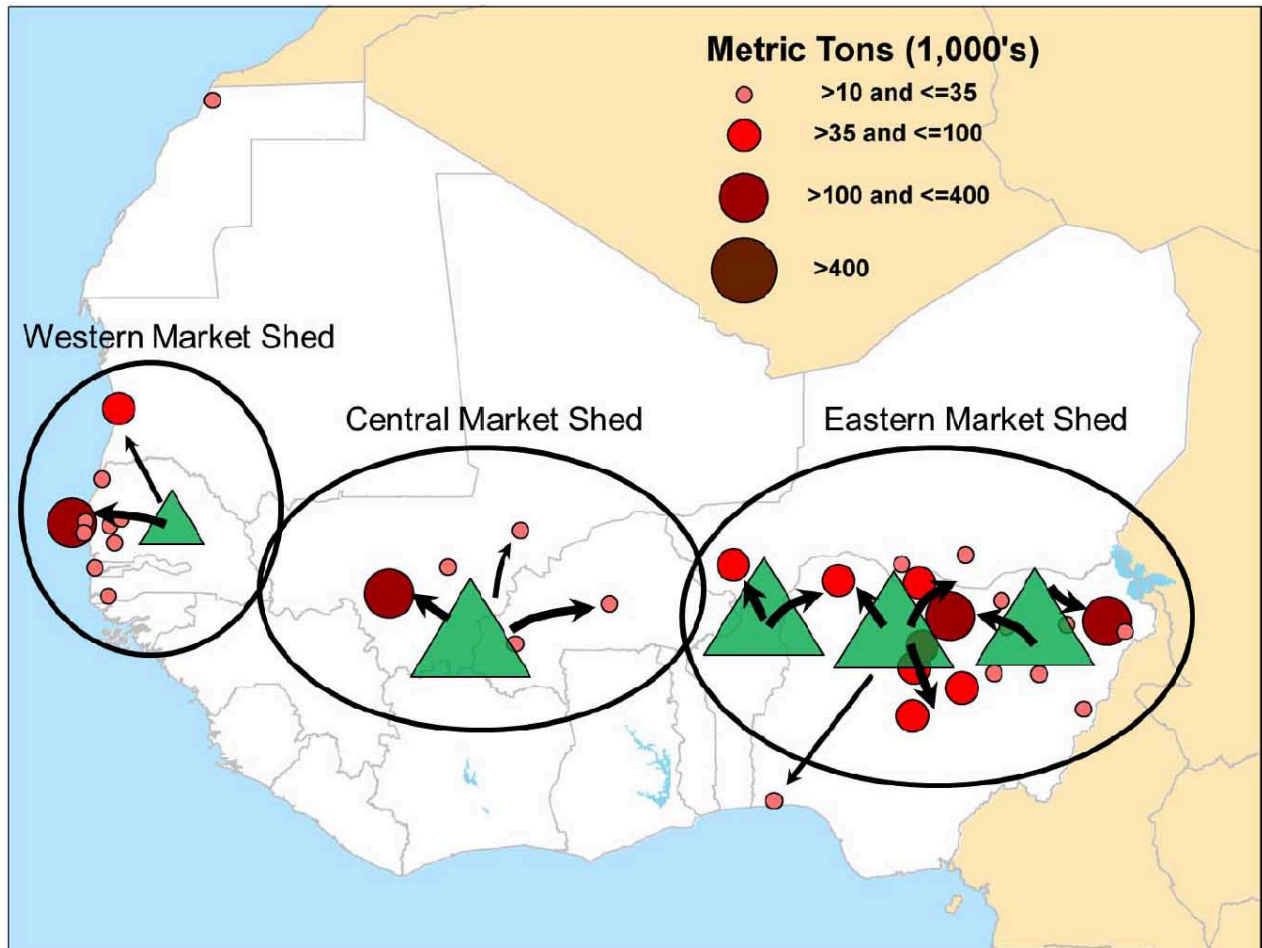


Cowpea trade flows



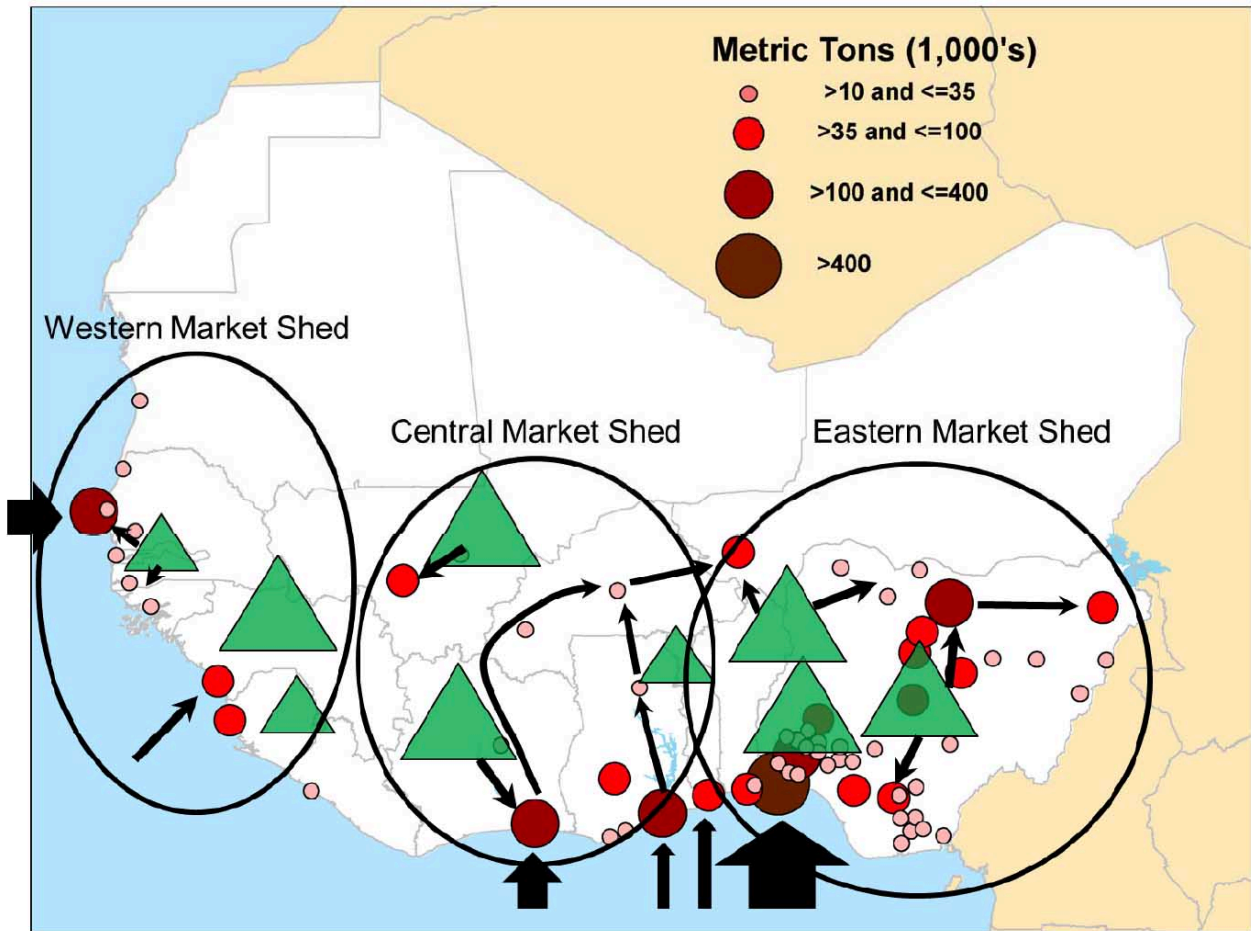
Annex 6: Sorghum/millet and rice market sheds in West Africa during a normal year

Sorghum and millet market sheds in West Africa during a normal year



Source: Haggblade et al., 2012.

Rice markets sheds in West Africa, normal year



Source: Haggblade et al., 2012.

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