



Sustainability Impact Assessment (SIA) of the EU-ACP Economic Partnership Agreements



Regional SIA: West African ACP countries

Final Report (revised)

30 January 2004

This report was prepared with financial assistance from the Commission of the European Communities. The views expressed herein are those of the Consortium and do not represent any official view of the Commission.

Institut de Prospective Africaine

This report was prepared for the European Commission under Framework Contract EC TRADE 02-F3-02, Specific Agreement No. 1

This is a one of a series of **Sustainability Impact Assessment (SIA)** Projects coordinated by **PricewaterhouseCoopers**. For more information about our Consortium and this project, please visit our website:

www.sia-acp.org.

Acknowledgements

PwC Project Manager	Nicolas Boudeville
SIA Team Leader/Lead Author	Sarah Richardson
Lead Author Team	Michel Courcelle (IPA) Patrick Sevaistre (IPA) Olivier Stinzty (IPA)
PwC Coordination Team (Paris)	Jochen Krimphoff Remy Barbeault Hubert Kieken

The Lead Author Team would like to acknowledge important contributions to this report made by other members of the Consortium.

Within the overall framework of this project, a regional consultation workshop in the West Africa has been organised with financial and technical support from the European Commission.

Paris, 30 January 2004.

Table of contents

Executive Summary: West African ACP countries	8
1 Introduction.....	16
1.1 Public Participation and Dialogue	16
2 Country Grouping and General West African Context.....	18
2.1 Country Grouping.....	18
2.2 General West African Context: Independent Conditioning Factors.....	20
2.2.1 Weak ‘institutional’ integration in the West African region	20
2.2.2 Informal trade in Western Africa and its role in economic and social stability	21
2.2.3 Traditional African Exports: world market volume and prices	24
2.2.3.1 World price market evolution on the WA traditional exportations.....	25
2.2.4 Supply-side constraints: investment and infrastructure	26
3 Sustainability Context	28
3.1 Economic, Social and Environmental Issues.....	28
3.1.1 Structure of the national economies	28
3.1.2 Social Priorities and Poverty	32
3.1.2.1 Population	32
3.1.2.2 Migration and Urbanisation	34
3.1.2.3 Poverty	35
3.1.2.4 Health.....	37
3.1.2.5 Gender.....	38
3.1.3 Environmental Priorities.....	39
3.1.3.1 Land: Desertification and Degradation	40
3.1.3.2 Urban Air Pollution.....	41
3.1.3.3 Biodiversity	42
3.1.3.4 Coastal Zones and Marine Resources	43
3.2 Major Trade Flows	48
3.2.1 Inter-regional trade	48
3.2.2 Exports from Western Africa to the EU	49
3.2.3 Exports from the EU to Western Africa	54
3.3 Priority Geographic Clusters	59
3.3.1 Three major Western African sub-regional country groupings	59
3.3.2 Two main development areas in West Africa	61
3.3.3 Nigeria and its neighbours.....	62
3.3.4 Senegal and its neighbours	64
3.3.4 The triangle Mali-Côte d’Ivoire-Burkina-Faso: the heart of the soudano-sahalian corridor.....	69
4 Setting Priorities.....	73
4.1 Trade Measures.....	73
4.1.1 Market Access for Goods	73

4.1.2	Trade Facilitation.....	79
4.1.3	Standards and conformity assessment.....	79
4.1.4	Investment.....	81
4.1.5	Intellectual Property Rights.....	85
4.2	Priority Sectors.....	89
4.2.1	Introduction.....	89
4.2.2	Cotton and textiles.....	89
4.2.3	Fruits and vegetables.....	91
4.2.4	Cocoa.....	92
4.2.5	Fish and Fish products.....	93
4.2.6	Petroleum.....	94
4.2.7	Other Sectors.....	95
4.2.7.1	Wheat and Meslin.....	95
4.2.7.2	Poultry.....	95
5	Selecting Indicators.....	97
5.1	Economic Indicators.....	97
5.2	Social / Development Indicators.....	98
5.3	Environmental Indicators.....	100
5.4	Institutional Indicators.....	103
6	Trade-Related Sustainability Impacts.....	104
6.1	Trade Related Scenarios.....	104
6.2	Changes in trade and trade-induced economic impacts.....	104
6.2.1	Economic Impacts of the Process of Regional Integration.....	104
6.2.1.1	Summarized impacts of WEAMU CET implementation.....	104
6.2.1.2	Potential impacts of implementation of an ECOWAS CET.....	108
6.2.2	Economic Impacts of EU-ACP EPAs.....	110
6.3	Linking economic impacts to social and environmental sustainability.....	121
6.4	Fiscal Impacts.....	132
7	Policy Recommendations.....	135
7.1	Trade-Related Policies.....	135
7.1.1	Sector-specific measures:.....	135
7.1.2	Customs specific measures:.....	136
7.1.3	Intellectual Property Rights Promotion and Protection.....	136
7.2	Policies to promote sustainability (including capacity building).....	136
8	Recommendations for further work.....	138
8.1	Increasing awareness.....	138
8.2.	General Development of the in-depth SIA.....	138
8.3	Focus on sectors.....	138
8.4	Focus on sub-regional groupings.....	139
8.5	Attention to Regional Integration.....	139
	Annex: Preliminary Bibliography.....	140

Executive Summary: West African ACP countries

This report is part of an on-going Sustainability Impact Assessment (SIA) launched for four years to assess the impacts of the future Economic Partnership Agreement negotiated between the EU and regions of the Africa-Caribbean-Pacific (ACP) countries, on sustainable development. The SIA is conducted by an international Consortium led by PricewaterhouseCoopers (PwC) including Solagral/GRET and l'Institut de Prospective Africaine (IPA) with the support of local experts. This report is one of two regional SIA pilot studies conducted as part of the first phase of the SIA project and focuses on the West African ACP countries.

In Western Africa, the Economic Community of West African States (ECOWAS) plus Mauritania, is the reference point for the regional country grouping for this SIA. Negotiations between ECOWAS and the EU were officially launched on 6 October 2003 and are scheduled to conclude by December 2007. ECOWAS member States agreed to a "road map for EPA negotiations" on 14 November 2003 in Accra and are engaged in a process which includes national impact assessments of the EPA, and familiarising civil society and the business community with the potential changes and capacity building needs.

Western African structural pattern: unachieved regional integration of a geographically fragmented region, mainly composed of LDCs and economically dominated by Nigeria

Despite recent improvements, from an institutional perspective ECOWAS is far from a well functioning Customs Union. However, it has the advantage of covering a large geographical area, and including Nigeria. WAEMU, the institution in Western Africa that is most advanced in terms of regional integration, only includes francophone countries plus Guinea Bissau, all using the same currency (the CFA franc) but with limited economic and political significance in the absence of Nigeria.

ECOWAS represents a critical economic and geographic mass but is not a single and coherent block. In Western Africa, there is a distinction between Sahel and non-Sahel economies, and between the countries in the region and Nigeria, which is the major economic driving force in the region and has an influence on its neighbours' economies either directly or indirectly through informal trade.

Informal trans-border trade plays a prominent role in the region, based on the exploitation of differences between national regulations. Nigeria is a source as well as a destination for informal regional trade. The prosperity of small neighboring countries (such as Bénin and Togo) can be explained by their role as warehouse states for Nigeria. But Nigeria is not the only focal point. Trade corridors also exist around Senegal and its neighbors, and in the Sahel region between Mali, Burkina Faso and the North of Côte d'Ivoire (in the heart of the cotton production 'corridor'). Informal trans-border trade can play, as it has in the past, a negative role but its dynamism can also be an advantage for regional trade once trade networks are 'formalized' and a favorable trade policy climate exists.

Mainly western African countries are LDCs (except Nigeria, Ghana and Côte d'Ivoire) and have limited resources of their own and highly depend on external support (with the exception of Nigeria). However, flows of FDI into Africa are concentrated in the oil and telecom sectors and, to a lesser extent, transport but are not significant in the manufacturing sector. Despite high levels of intervention the results of official development assistance (ODA) have been disappointing. Structural adjustment programs (SAPs) have had some results in various countries but their negative effects have not yet been counterbalanced by significant positive impacts.

The ***social challenges*** facing the countries of Western Africa are first linked to the historic demographic growth (from 85 to 215 million people between 1960 and 1998) and the growing connection to world market resulting whose effect has been tremendous on the economic, social and environmental profile of the region: accelerating regional and international migration flows, increasing urbanisation resulting in an exodus from rural areas and basic social deterioration in terms of poverty, health and gender equality in rural and urban areas. The poorest countries and populations in the region are likely to be made more vulnerable to the trade opening within the framework of trade agreements because they are deprived from the basic conditions necessary to be able to take advantage of the opportunities presented by liberalisation.

Western African social challenges are also partly a consequence of the weaknesses of the economic situation. Agriculture is mainly for subsistence with small farms growing traditional crops. The levels of poverty are increasing and rural populations are more and more inclined to migrate to urban centres where a weak modern sector cannot offer enough employment and revenue opportunities. The informal sector in West African cities is booming as a response to a social necessity induced by rapid urbanisation with important negative consequences on the environment and health conditions.

Protection of the environment is not considered a priority by the majority of the population. Major threats are increasing including desertification in the Sahel, deforestation (in the Upper Guinea Forest b.e.) with dramatic destruction and fragmentation of habitat and threats for the exceptionally rich biodiversity, increasing pressure on arable lands and water, increased pollution in coastal zones and exhaustion of marine resources, deteriorating air quality in overcrowded urban centres.

Building competitive West African exports: selected sectors

The participation of ECOWAS in world trade declined sharply over the past 30 years and is presently insignificant. However, inclusion into a global trade flows is not a new phenomenon for West Africa that is, in fact, already confronted to globalisation since informal trade is able to offer any product from all over the world at affordable prices for customers with limited purchasing power. Intra-regional trade may seem limited through the analysis of official data but is significant if informal trans-border trade is taken into account.

The EU is a major trading partner for West African countries and is the main destination for exports, and the main provider of industrial products. The *main exports from Western*

¹ ODA: Overseas Development Agencies; SAP: Structural Adjustment Programs.

Africa to the EU are based on non-diversified, limited processed products: petroleum oils and petroleum gas, cocoa, cotton whose prices – dependant of a world market following a downward trend – impede West African competitiveness. This first group of products are likely to be very slightly (or not at all) impacted by EPA.

Nonetheless, if the Western African countries managed to develop production and exports of (semi-)processed products instead of raw products (i.e. chocolate instead of raw cocoa, textiles instead of raw cotton) they could improve the value added of their exports and relieve their vulnerability to the decline of world prices for raw products. However, the weaknesses of the infrastructures and of the business environment as well as a limited purchasing power of customers are important obstacles to adding value to local production. Therefore, creating favourable conditions, through improvements in infrastructure and the legal environment that could contribute to increase FDI inflows is an essential pre-requisite for the development of competitive sectors in Western Africa.

The priority sectors outlined below for possible further consideration in this SIA have been selected according to their significance from an economic, environmental and social perspective. Their importance in terms of trade flows in both volume and financial terms are considered insofar as these sectors would be impacted by trade measures included in a future EPA and as potential impacts of changes might be expected on sustainability.

- ***Cotton and textiles:*** at first sight, cotton, a major crop in West Africa and mainly in the Sahel regions, will not be impacted by the EPA. In Europe, African cotton is in great demand and there is a growing demand for first-level processed products such as threads and unbleached fabrics. West African textiles could be competitive. The EPA could favor such an evolution by granting special conditions to these products given the importance of cotton for West Africa. As mentioned in the EU “cotton initiative”, free access to cotton and cotton products is granted and subsidies on EU cotton will be reviewed. As important would be a specific support in the context of EPA to modernization of the whole sector including research and development programs at the plantation level to help West African cotton to maintain its quality and further improve processing abilities to respond the demanding requirements of EU buyers.
- ***Cocoa:*** the countries of Western Africa are among the world’s largest cocoa producers, the Ivory Coast being the world’s largest producer (more than 40% of cocoa bean production), Ghana and Nigeria being also important producers. Cocoa provides a livelihood for a large number of farmers, contributes to rural development and to earnings that support rural infrastructure including roads, storage facilities, schools, hospitals, and first-stage processing firms. These fundamental linkages to sustainability make this a priority sector in the region. Trade measures in the EPAs could encourage the continued robust trade in cocoa and its further processing to achieve higher levels of value added and thereby contribute to economic sustainability.
- ***Wheat and Meslin.*** Increasing imports of EU wheat and meslin could have negative impacts on traditional cereals and on food security (displacement of local production) in West Africa. Wheat benefits from support in the EU, and local production in Western Africa has difficulty competing. If tariffs are lowered, the imports from EU could increase and further displace local production. Where this discourages the cultivation of traditional cereals (such as millet) and an over-reliance on imports, there could be issues associated with deteriorating food security, modification of nutrition equilibrium and loss of employment in traditional production. On the other hand, cheap imports of EU wheat contribute to the overall availability of food products, such as bread.

The *second group of West African exports* towards the EU include fish and fish products, wood, ‘out of season’ fruits and vegetables also with limited transformation: Western African countries could develop ‘niche exportations’ on these products that do not directly compete with European domestic production.

- ***Fruits and vegetable***: these sectors present opportunities for producers in West Africa countries due to their relative proximity of EU markets that might be impacted by structural changes as a result of the EPAs and in particular the phasing out of the commodity protocols. They offer high-value, substitute commodities for which there are existing and growing markets in the EU provided producers can comply with legislation and quality requirements and have access to affordable and efficient infrastructure and logistics.
- ***Fish and fish products*** is an important economic sector in some countries in Western Africa (especially on the ‘Atlantic façade’). However, this resource is subject to over-harvesting which could contribute to deteriorating food security in coastal communities. There are a number of potentially relevant trade-related measures associated with this sector. Firstly, tariffs are high in this sector both in the EU and in Western Africa. A second potentially important trade-related area for investigation is the use of SPS measures in this sector and the ability of West African countries to meet the requirements and thereby take full advantage of their preferences with trade with the EU. There may be opportunities for increasing trade in this sector, particularly in processed products such as preserved fish or fish preparations, which could contribute to sustainability.
- The ***poultry industry*** in Western Africa is a viable industry which provides an important source of employment in urban areas. Poultry is exported from the EU to Western Africa. Poultry is an important West African agro-industry providing urban population with an affordable source of protein. In the EU, poultry is a commodity that benefits from high levels of producer support, which often makes it cheaper to import than to raise domestically in Western Africa. If tariffs in ACP countries are lowered, EU exports of poultry could expand further, which could threaten the domestic poultry industry in Western Africa, which has implications for employment, for production for the domestic and regional market and for food security. This sector is also linked closely to the *maize* sector in light of the importance of maize in poultry feed.

Building an ECOWAS-EU trade partnership

In general, since most of exports from Western Africa already enter the EU duty-free, from a strict consideration of the impacts of changing tariffs, the EPA is unlikely to have any significant impact on exports from Western Africa.

Tariff barriers are not so much an obstacle for exports from West African countries since most of them, being LDCs with the exception of Nigeria, Ghana and Côte d’Ivoire (still accounting for 67% of the ECOWAS economy), will benefit in 2008 from the “Everything

but Arms” (EBA) initiative and enjoy duty and quota free access to the EU market. Non-LDCs will benefit from the Cotonou preferences and as such have duty free access or preferential tariffs for most of their exports. The main remaining problem is constituted by *non-tariff barriers*, SPS (including traceability requirements) in particular. But in fact, it is more a problem of capacity building and training that EU support might help to solve.

Imports from the EU are diversified and include industrial and manufactured products, and medicines that are not produced locally. These imports are necessary for the region. Other significant imports include agricultural products which, if they are not direct competitors to local products can be considered as an obstacle to local production. West African consider imports of wheat are an obstacle to the development of local cereals, imported worn clothes are a major impediment to the development of local textile industries, imports of frozen chicken meat are a threat not only to local production but to the development of local cereals.

Therefore, in such sectors where the EU competition could have destructive effects, gradual implementation of trade liberalisation would be necessary in order to preserve the Western African production and enable it to build competitiveness or to specialize in ‘niche’ production that does not compete with imports from EU.

Access to West African markets varies greatly although harmonisation of tariffs is on the agenda in the integration processes, but it is only at an early stage. The overall scenario is based on the full implementation of a free trade area among the countries of ECOWAS by 2004, including a monetary and customs union (with a common external tariff of between 11 and 12%) in place by the time that an EPA would be signed in 2007.

In the short term, the principal economic impacts of liberalisation will be on the local offer and demand and on intra regional trade. For the time being, in a context where regional integration is still not effective despite progresses, and far from offering a sustainable market base for local production, moving from import substitution to satisfy a competitive and demanding regional market as well as adding value to exports will be difficult.

Most broadly, the decline agricultural exports (where West African countries are globally uncompetitive in EU markets that are no longer protected for them) should generate a relative decline in some agricultural sectors and a corresponding increase in light manufactures and services.

The extents to which supply-side challenges can be overcome depend in part on the availability of adequate infrastructure for, *inter alia*, storage and transportation. The development of this infrastructure could be hampered by financial constraints but also local, technical exogenous problems such as the unavailability of energy for refrigeration, difficulties of respecting strict procedures, and potential delays related to poor transport infrastructure. Overcoming these obstacles is closely linked to the extent that flows of investment are encouraged under the EPAs.

Sustainability linkages in West Africa

An overall decline in the agricultural sector could have an immediate impact on employment causing workers to leave the farm and rural areas in search of alternative employment in urban areas. **Social impacts** will depend heavily on whether better paid employment opportunities are available in expanding sectors and the behaviour of different

² EBA : Everything But Arms Initiative.

actors in production, who tend to respond based on their immediate needs and levels of resources. Rural exodus and faster urbanisation would both have negative ***environmental impacts*** (faster desertification, increased water pollution, degradation of sanitary conditions, etc.). However, in some cases, the decline in protected exports production for EU markets could also offer opportunities for land to revert to a more natural state with attendant increases in environmental supports and biodiversity as well as incentives to develop ‘niche exports’ markets such as high-priced organic products.

At a general level, an overall decline in exports of traditional crops such as cocoa, coffee, and vegetable oils could also have important impacts on rural areas of production where the social equilibrium is already fragile. The consequences of such a decrease could be to encourage ***social instability and struggles for control over land and revenue sources, with specific ethnic and inter-generational problems linked to the exhaustion of rural resources***. There may be issues related to food safety that could aggravate the lack of competitiveness of West African agricultural products.

Trade liberalisation enhances competitions on some basic food products of West African countries that are therefore potentially in competition with basic agricultural products from other more competitive countries, both in the developed and the developing regions. Western African countries would, therefore, benefit from modifying their productive sector towards the production of more processed goods.

A broad trend from agriculture to export-oriented light manufactures could bring about ***social and environmental gains*** if policies are put in-place to avoid the many problems arising from traditional export processing zones. An additional challenge will be to reduce tariff distortions so as to allow further processing of goods based on raw materials where West African countries have a comparative advantage so that more of the value-added can remain in the region. This will also require the modernization of transportation networks, including intra-regional and urban systems.

The global impact of trade liberalisation on government revenues is not always clear. In the region, import duties ranges from 21.09% of government revenues in Benin to 58.73% in Guinea Bissau. By reducing fiscal external barriers, trade liberalisation agreements generally induce important loss of public fiscal revenues. The level of this loss however depends of the fiscal structure of the state concerned and the mitigation of the level effect (lower taxes inducing lower fiscal revenues) with the volume effect: trade liberalisation is supposed to enhance international trade and therefore to increase the total volume of taxed trade operations. Designing an appropriate trade policy in conjunction with tax reform is a key to maintaining tax revenues in the process of trade liberalisation.

Trade can be an engine for growth provided West Africa can add value to its productions and be competitive on its own markets and on external markets including the EU. Obstacles to trade between West Africa and the EU are not so much tariff and non tariff barriers than the overall weaknesses of the West African economy. In order to improve the situation, West Africa will have to accept structural changes to maximise its potential and limit its weaknesses, Europe will have to support these evolutions. In this respect the development side of the EPA will be essential.

The development dimension of the EPA: fostering regional integration as a prerequisite for enhancing trade flows

The EU approach of development through trade as highlighted by the Cotonou Agreement is different from previous approaches. Partnership brings a new dimension to relationship with Europe and that is where EPAs are innovative but also demanding for both sides. From a development perspective, the ideal scenario would be to facilitate access to the EU of more processed products from West African countries and limit access of EU goods that could be produced locally. The background of such a scenario is a well functioning regional market. Despite institutional progresses made recently to achieve a common market with a single currency and a common external tariff (CET), major obstacles still remain.

By further enhancing the regional integration process, the EPAs could reduce the disparities in the trade policies between Senegal, Nigeria and other West African countries, including Gambia. While most of the West African countries will benefit from this harmonisation process, 'warehouse states' for Nigeria (Benin and Togo) would be the losers and therefore will have to deeply modify the structure of their economies.

With a well functioning Common Market, it would be possible to consider trade as a development tool. In this regard, the development of the regional integration process under the EPA will have to focus on defining incentives to encourage local production and added value for both regional and exports markets.

First, the lack of reliable transport infrastructure in the region will be an important sector to address. Road transport is the only obvious vehicle for intra regional trade but interconnection by paved and reliable roads is not yet completed; rail infrastructure is not sufficient and air transport, after the end of Air Afrique, is still in the process of being constructed. In all these sectors investments can hardly be financed by declining foreign aid or by local budgets and FDI. Building Private/Public Partnership could be explored. Western African negotiators will have to define priorities and devote resources to improve the situation.

Second, SPS measures are one of the main non-tariff barriers remaining on the EU imports of West African products. The development strategy sustained by the European Union under EPA would have to involve capacity building programs dedicated to allowing West African exporters to be able to fulfill the conditions required to access to the European market.

Finally, the political will of governments to achieve an effective regional integration will also be an important prerequisite. National governments reluctant to engage in a process that is perceived to involve any loss of sovereignty and some tend to be suspicious of Nigeria. The success of ECOWAS will depend on the role Nigeria will play over time in favor of regional integration. Any change in Nigeria's policies has always had consequences on the whole region. Some positive changes have been achieved in this direction even if it is under pressure of the coming negotiations. If it is confirmed, then EPA would have played a major role for the future of West Africa.

Regional SIA: West African ACP countries

1 Introduction

In 1999, the EU launched a Sustainability Impact Assessment (SIA) Programme in 1999, which examines sustainability impacts of trade negotiations that include the EU. The SIA Programme has as a goal, the integration of sustainability concerns into the development of trade policy. As a means for increasing transparency and participation, it also includes a broad and intensive dialogue with civil society on proposed trading relationships.

An international consortium led by PricewaterhouseCoopers (PwC) and including Solagral and l'Institut de Prospective Africaine (IPA) with the help of a variety of other experts is responsible for the SIA of negotiations between the EU and the Africa-Caribbean-Pacific (ACP) countries to develop Economic Partnership Agreements (EPAs).

The Consortium has submitted a qualified Preliminary Final Report for Phase One of this SIA. This report is the In-Depth SIA of the potential impact of EPA in the Western African region (ECOWAS & Mauritania). It is submitted along with the In-Depth SIA of the potential impacts of EPAs on the Caribbean Region (CARICOM & the Dominican Republic), and complements the Preliminary Final Report for Phase One.

This report has been undertaken through desk research with the most recent data available but also takes into account the input of networks of West African experts and the results of the Consultation Seminar organized by the Institut de Prospective Africaine (IPA) in Dakar, on 10-11 November 2003, which was attended by representatives of the Western African civil society, the private sector, municipalities, regional organisations and the European Union.³

1.1 Public Participation and Dialogue

A regional consultation/workshop was organised by l'Institut de Prospective Africaine (IPA) and held in Dakar (Senegal), on November 10 and 11 2003. This workshop included participation of over 40 participants from civil society, the private sector and municipalities in Western Africa, and benefited from the important involvement of the Government of Senegal. The Workshop was opened by Ms. Aichatou Agne Pouye, the Minister of Trade for Senegal, and closed by M. Diarisso, Special Adviser (in charge of the trade negotiations) to the Prime Minister of Senegal. The European Commission (DG Trade) and the regional organisations (ECOWAS, WEAMU) were also represented at this workshop. All participants urged the Consortium to consider this meeting as the beginning of more regular consultation with, and opportunities for participation from, stakeholders in Western Africa. Specific points that were raised at the meeting include, *inter alia*:

- EPAs are a tool to promote development in the region.
- Regional integration is a prerequisite for trade liberalisation with the EU. The productive sector has first to be competitive in the regional market before being able to compete in the global market.

³ The Preliminary Final Report for Phase One presents more precisely both methodology and the summary of the approach.

- Emphasis should be placed on the importance of the economic structure and in particular the role of women and small farmers.
- Supplementary studies are necessary to assess the impact of opening regional markets on state resources. These should include a study on fiscal impacts and the means to compensate for any losses with the aim of supporting in particular the most vulnerable groups.
- Analyse the potential global gains from trade facilitation among the states of Western Africa, with a focus on enforcement of trade rules, improving transportation infrastructure, telecommunications, access to credit and the eradication of burdensome procedures and tariffs.
- With respect to market access, to fully discuss the problems associated with inter regional and extra regional transportation and distribution networks, for example,
- Incorporation of local realities into municipal structures to encourage solutions at the regional level.
- A precise study on market access should be undertaken, in particular focusing on the erosion of preferences, tariff escalation and tariff peaks, and SPS and other measures that could act as obstacles for exports.
- There are sectors or products which could benefit from niche markets (such as fair trade, organics labels) but they are subject to long and onerous verification requirements and capacity should be built to better take advantage of these opportunities (including certification and labelling).
- To study more precisely the impact on European market of the European Union own institutional evolution, such as the Common Agricultural Policy Reform and the Enlargement to Central and Eastern European countries process, as well as the globalisation process. This evolution could have important consequences on the European market access and opportunities of Western African products.
- The necessity to benefit from structures of communication and coordination between civil society, the private sector and municipalities and the Consortium in charge of the SIA, in order to enable their involvement in the study process.
- Necessity to organise as soon as possible another consultation workshop more specifically oriented to the Western African English-speaking countries.
- Enlargement of the consultation to others specific groups of population concerned by the EPA process, in particular researchers, economists and parliamentarians.
- To publish more regularly results of the consultation process, as 'working and consultation' papers, in a more 'friendly readable' form and to ensure effective means of communication (SIA web-site is insufficient due to internet access difficulties in Western Africa). To this end, the Consortium announced the launch of a specific network of journalists dedicated to disseminating information on the EU-ACP SIA for Western Africa.

2 Country Grouping and General West African Context

2.1 Country Grouping

In Western Africa the Economic Community of West African States (ECOWAS) plus Mauritania, is the reference point for the regional country groupings for this SIA.

Box 1. ECOWAS

ECOWAS was created in 1976 in Lomé (Togo), to promote cooperation and integration. Its specific aim was to create an economic union in West Africa, to eliminate of customs tariffs and other non-tariff measures, create a common external tariff (CET), the harmonize economic and financial policies, and create a single monetary zone. In July 1993 a revised ECOWAS Treaty was signed, designed to accelerate economic integration and increase political co-operation; principles of supranationality were adopted and supranational institutions were created.

The countries of ECOWAS include: Benin, Burkina Faso, Cape Verde, Ivory Coast, Gambia, Ghana, Guinea, Guinea-Bissau, Liberia, Mali, Niger, Nigeria, Senegal, Sierra Leone, Togo (Figure 1). Mauritania, which is a past member of ECOWAS and whose economy is closely integrated with the other countries, will be associated with ECOWAS in this country grouping for Western Africa.

Figure 1: Western African region (without Mauritania)



The in-depth assessment of Western Africa will include, where relevant, consideration of the West African Economic and Monetary Union (WAEMU), which is the most well-developed process of integration in Africa. All of the members of WAEMU also belong to ECOWAS. WAEMU might be the subject for a case study as it represents a “credible” economic area, although from a trade perspective it is just developing.⁴

Box 2. The West African Economic and Monetary Union

WEAMU entered into force in 1995 and includes Benin, Burkina Faso, Ivory Coast, Guinea-Bissau, Mali, Niger, Senegal and Togo. It is more integrated than ECOWAS for a number of reasons. The region benefits from a single common currency (Franc CFA) which is anchored to the Euro (whereas there are eight currencies in circulation in ECOWAS). The countries share a common language (French). There is growing harmonization of the legal, statistical and fiscal framework. A Convergence, Stability and Growth Pact has been adopted and several sectoral policies have been implemented in, *inter alia*, infrastructure, agriculture, health, energy, environment, and gender issues. There is an efficient common external tariff (CET) that has been operating since 1 January 2000, with a common trade policy towards non-members countries.

WAEMU is increasingly important in the region as a counter-balance to the dominance of Nigeria within ECOWAS.

In order to accelerate the process of creation of a monetary union in ECOWAS, the members of WAEMU (except Cape Verde and Liberia which are not WAEMU members) decided in 1999 (following the leadership of Nigeria and Ghana)⁵ to create a *second monetary union* in addition to the WAEMU with which it formally seeks to merge in 2004.

Negotiations between ECOWAS and the EU were officially launched on 6 October 2003. The negotiations will be backed by an organisational structure representing all ECOWAS countries and an office will be opened in Brussels. The negotiations are scheduled to conclude by December 2007.

Box 3. ECOWAS regional seminar to prepare EPA negotiations (Abuja, Nigeria)

Two representatives from the Consortium attended a meeting convened by the ECOWAS Secretariat on 20-22 February 2003 in Abuja, Nigeria. During this seminar the SIA was presented to and discussed with representatives from the ECOWAS Secretariat, the EC, Governments of ECOWAS countries, civil society and the private sector. As a result of the meeting, the following action-points related to the SIA were adopted:

- Create a framework for consultation with civil society and strengthen cooperation with ECOWAS;
- Put into place decision-making processes to increase participation of civil society and the private sector;
- Ensure large dissemination of documentation on sustainable development and the SIA;
- Promote cooperation between the Consortium and all state and non-state actors in West Africa.

⁴ See Solignac-Lecomte (2001).

⁵ ARYEETEEY E. (1998, 2001), suggest that this Ghana-Nigeria collaboration illustrates ‘some new dimension of power relations in the sub-region’, growing speculation having taken place in the region, before this agreement, about the possibility of Ghana joining the CFA Franc zone.

2.2 General West African Context: Independent Conditioning Factors

2.2.1 Weak ‘institutional’ integration in the West African region

ECOWAS presents a critical geographic and economic mass but its economic integration has been slow and it is, at present, more a political union than an economic union. Table 1 indicates that participation of ECOWAS countries in world trade declined sharply over the past 30 years and is currently negligible. At the same time intra-regional trade grew slightly (5%) although the level of intra-regional trade is far more important than shown by official data if informal cross border trade is taken into account. Observers consider it represents more than 10%. Intra regional trade is a major indicator of regional integration.

Table 1. Trade Statistics in West Africa

	1970	1975	1980	1985	1990	1998
Intra-regional Exports	2	3	3	5	5	5
Participation in Total World Exports	1.05	1.45	1.62	1.08	0.68	0.33
Intra-regional Imports	2	2	3	7	7	6
Participation in Total World Imports	0.94	1.27	1.36	0.67	0.59	0.41

Source: ARYEETEEY E. (2001), “Regional Integration in West Africa”, Technical paper n° 170, OECD Development Center, Paris.

There have been efforts to encourage deeper integration in ECOWAS to achieve a customs union.. Nigeria, in particular, has recently been willing to play an active role in ECOWAS.

The main objective of a customs union and, more generally, the process of regional integration in West Africa suffer from several weaknesses. The institutional weaknesses include:

- the multiplicity of objectives (trade integration but also harmonisation in agriculture, transportation, energy, fiscal and monetary policies) that do not have the same priority for all the member States;
- overlapping membership that dilutes efforts, and limited financial resources and human expertise to reconcile conflicting objectives (the two-track approach of Ghana and Nigeria is an attempt to reduce this problem);
- lack of financial and technical capacities of the Executive Secretary of ECOWAS to supervise and co-ordinate decisions.⁶

The legal weaknesses include, *inter alia*:

- a lengthy decision-making process;
- the lack of ability of supra-national bodies to implement decisions;
- slow implementation of harmonisation provisions related to tariff codes and classifications, in order to protect national import substitutions;

⁶ Solingac-Lecomte (2001).

- inadequate compensation mechanisms – even with a working customs union, intra-ECOWAS trade would be limited by the safeguard clauses protecting the weaker countries and reducing the cost of integration in the absence of adequate financial compensation.

Moreover, regional integration suffers from weak political commitment among countries with different external alliances (Francophone *versus* Anglophone countries).⁷ This could be related to concerns of loss of sovereignty by governing classes that are more oriented towards external processes of integration and are unsure of the distributional gains from regional efforts.⁸ As one observer has noted, “*countries which perceive themselves to be losers desire to reduce the costs of integration as much as possible and potential gainers are unwilling to concede much in case there is not much to distribute*”.

Nevertheless, ECOWAS benefits from membership of a major African country (Nigeria) and has adopted well-developed criteria for convergence. Nigeria is not only by far the largest economy in the region, it is also willing to provide some political leadership and has recently put forward a “fast track” approach and the future creation of a sub-regional FTA with Ghana, Benin, Togo, Niger, Burkina-Faso and Mali. However, Nigeria is considered by its neighbours as willing to have a leading role for the economic integration and development but is not playing a positive role (see below).

The weakness of the ‘institutional’ aspects of regional integration raises concern about the prospect of establishing an effective EPA with the EU—where well functioning customs union is a prerequisite for its implementation. One of the first achievements of EPA is the fact that WAEMU and ECOWAS, once considered as rival institutions, are now working together in the context of the preparation of the EPA and highlight the synergies and complementarities of both regional organisations. This is clearly reflected in the “road map for negotiations” adopted in Accra, Ghana by member states in November 17. This road map indicates the strategy for the effective establishment of a free trade zone based on the decision “to extend the CET of WAEMU to the entire Community”. The road map also insists on the action plan to be adopted to “improve competitiveness” focusing on issues covering the business environment, the development of infrastructure and trade services and of enterprise development.

2.2.2 Informal trade in Western Africa and its role in economic and social stability

A discussion of regional integration and the role of the EPAs should take into account the importance of *informal trans-border trade* that is not reflected in official data. These trade flows are important not only for their economic significance but also because they structure the *de facto* economy in Western Africa. One commentator notes that, “*transborder trade remains by far the most efficient, organised and institutionally deep-rooted system of trade*”.

⁷ Bundu A. (1997), “ECOWAS and the Future of Regional Integration in West Africa”, Regional Integration and Co-operation in West Africa, A Multidimensional Perspective, edited by R. Lavergne, Africa World Press and IDRC, Ottawa.

⁸ Shaw, T. (1990), “Regionalism and the African Crisis: Towards a Political Economy of ECOWAS and SADCC”, West African Regional Co-operation edited by J. E. Okolo and S. Wright, Westview Press, Boulder.

in the West African region”.⁹ Any modification could therefore have tremendous economic but also social and environmental impacts in West Africa.

As Meagher (2003) underlines, “transborder trading networks are not vestiges of pre-colonial economies, or recent reactions to economic imbalances: they are historically grounded economic systems, involving actors and institutions capable of responding to new incentives and defending their interests”. Whereas structural adjustment policies (SAPs) in 1980s were supposed to eradicate transborder trade (considered to benefit from ‘market failures’), they actually had the effect of encouraging it by creating a general environment of disarray throughout the official economy and encouraging traders to cut costs by trading outside official channels and consumers to shift their demand towards lower-cost imported goods and, finally, by forcing populations and officials – both struggling for survival – to find new sources of income. The implementation of SAPs on a national case-by-case basis tended to exacerbate disparities and distortions in monetary and fiscal policies, all of which contributed to new opportunities for transborder trade.

Liberalisation of commodities and currency markets not only facilitated and increased transborder trade but also deepened its penetration into the heart the national territories (Meagher, 2001).¹⁰ Liberalisation also restructured trade bringing about a decline in transborder flows in a range of local agricultural commodities (due to price reductions, profit-squeezing, and the devaluation of the CFA Franc in 1994),¹¹ and a shift in demand to cheap low-quality consumer manufactured and subsidised goods from Nigeria¹² (including subsidised Nigerian petrol estimated at 50% of Niger’s and nearly two-thirds of Cameroon’s fuel consumption).¹³ There was also a general shift in favour of consumer goods from the world market, mainly Asia (such as textiles, used cars, cigarettes, and electronics).

Ironically, cross-border trade has also benefited from **globalisation** that sustains the global liberal policy agenda and introduced rapid technological change in transport and telecommunications, boosting growth in global financial markets. These processes facilitated the consolidation and extension of transborder trading networks by encouraging direct contact with overseas suppliers (in Asia, for example) – bypassing traditional middlemen – and accessing foreign exchange in order to purchase or engage in currency speculation. Globalisation changed the geography of transborder trade from its operation as

⁹ Meagher K. (2003), “A backdoor to globalisation ? Structural adjustment, globalisation & transborder trade in West Africa”, *Review of African Political Economy* n° 95 ROAPE Publications Ltd ; see also : *Concept note*, West African Borders and Integration web-site (<http://www.afriquefrontieres.org>).

¹⁰ Meagher K. (2001), ‘Throwing Out the Baby to Keep the Bathwater : Informal Cross-Border Trade and Regional Integration in West Africa’ in *Regionalism and Regional Integration in Africa*, Discussion Paper 11, Nordiska Afrikainstitutet, Uppsala, Sweden.

¹¹ Flow of agricultural commodities from Niger to Nigeria fell from 15-20 billion F CFA in the 1980s to less than 5 billion F CFA in 1990, while flows of Nigerian grain into Niger fell from 100-200,000 tonnes in the 1980s to around 80,000 tonnes in 1995 (Egg and Igue 1993 ; Meagher et al. 1996).

¹² Bayart, J-F, S. Ellis & B. Hibou (1999), *The criminalisation of the State in Africa*, International African Institute, Oxford ; Ellis S. & J. MacGaggey (1997), ‘Le commerce international informel en Afrique sub-saharienne’, *Cahiers des études africaines* 145, 37-1, pp.11-37.

¹³ Egg and Igue (1993), ‘Market Driven Integration in the Eastern Subregion: Nigeria’s Impact on Its Neighbours’ Synthesis Report’, INRA/IRAM/UNB.

local and regional export-import circuits to engage in inter-continental relations. These developments introduced scale and geographic distinctions between small-scale, rural, intra-regional trans-border trade on the one hand, and, on the other hand, inter-continental, large-scale, urban-based transborder operators benefiting from access to modern technologies (still very limited in West Africa).

The impacts of both SAPs and globalisation have led to both the *dismantling of the developmental state*, the loss of rents to elites and a loss of material benefits to citizens?¹⁴ One commentator suggests that, “*the increasing role of transborder trade in social regulation derives more from a lack of alternatives in the official economy than from any over-riding allegiance to forms of economic or political organisation defined by family, ethnic or religious ties*”.¹⁵

The State is an actor in this process.¹⁶ Transborder trade is primarily based on the exploitation of disparities between national laws, tariff and duties. Therefore, survival of the process relies on maintaining borders (considered by operators not as barriers but rather as “corridors of opportunity”) and on forming necessary alliances with the State that is the *arbiter of rent distribution* between certain groups in exchange not only for political support but also for social stability.¹⁷

Transborder operators tend not to be in favour of rules-based economic liberalisation or regional integration – where both processes lead to harmonization of economic and trade policies among member States and the dissolution of opportunities for rent-exploitation. Economic reform and changes in the trade rules (such as those included in a prospective EPA) will modify the opportunities for rent-exploitation and perhaps reduce possibilities for the State to act as *arbiter* among different groups in the population. The whole process could lead to important modifications of political and social power equilibrium inside countries and on a sub-regional basis, and it brings with it the prospect of social and political unrest such as that which has developed in the Northern part of the Ivory Coast in recent years.

If it is considered that West Africa has no choice but improve its economic structure making sure that informal economy and cross border trade is part of this structure, this can

¹⁴ Cox R. (1997), ‘Economic Globalisation and the Limits to Liberal democracy’ in A. McGrew (ed.), *The Transformation of Democracy ?*, Polity Press and Open university ; Hoogvelt A. (1997), *Globalisation and the Post-Colonial World: The New Political Economy of Development*, Macmillan ; Hurrell a. and N. Woods (1995), ‘Globalisation and Inequality’, *Millenium* 24(3), pp. 447-470 ; Sall E. & H. Sallah (1994), ‘Senegal and the Gambia: the Politics of Integration’ in M.-C. Diop, (ed.), *Le Sénégal et ses voisins*, Dakar:Esapce-Temps ; Young (1995), “A Project to be Realized”: Global Liberalism and Contemporary Africa’, *Millenium* 24(3), pp. 527-546.

¹⁵ Meagher K. (2003), o.c.

¹⁶ Reno W. (1998), *Warlord politics and African States*, Boulder, Colorado: Lynne Rienner; (1995), *Corruption and State Politics in Sierra Leone*, Cambridge: CUP.; Lambert A. (1994), ‘Les commercants et l’intégration régionale’ in M.-C. Diop (ed.), *Le Sénégal et ses voisins*, Dakar: Esapce-Temps ; (1989), ‘Espaces et réseaux marchands au Sénégal – les échanges céréaliers avec la Gambie et la Mauritanie’, *Echanges régionaux, commerce frontalier et sécurité alimentaire en Afrique de l’Ouest*, INRA/UNB/IRAM.

¹⁷ Lambert (1994), o.c. ; Lemarchand R. (1988), ‘The State, the Parallel economy and the Changing Structure of Patronage Systems’ in D. Rothschild and N. Chazan (eds.), *The Precarious Balance: State and Society in Africa*, Boulder: Westview Press ; Hoogverlt (1997), o.c. ; Reno (1998), o.c.

play a positive role, informal trade practices cannot be protected at any price.¹⁸ EPAs will contribute to the elaboration of an improved trading environment. It is important to be aware of the impact of such evolution both negative and positive. The negative side is the risk of political and social unrest which must not be overestimated since informal trade is not the only source of such problems while the positive side is the possibility of developing efficient trading networks in the regional economies.

2.2.3 Traditional African Exports: world market volume and prices

No African country's traditional exports came close to matching the 1990-99 rate of growth of world trade. Traditional exports of all African countries experienced negative global demand growth between 1995 and 1999 with some dramatic declines in specific products and countries, such as cotton from Mali. Exporters of traditional products are also vulnerable to important adverse demand and price shocks when global economic activity weakens (such as the Asian financial crisis). Table 2 suggests a relatively pessimistic view of the prospects for most traditional products from Africa. Average annual growth rates for these products were well below that for world trade, and also below rates for two broader groups of commodities (foodstuffs and ores, minerals and metals), although there are differences among countries for specific products.

Table 2. Average Annual World Import Growth Rate of Traditional African Exports Products

Traditional Export Product Group *	1990-95	1995-99	1990-99
Tropical Beverage & Related Products	10.1	-4.6	3.4
Non-Ferrous Metals and Ores	7.2	-3.5	2.3
Ferrous Metals and Ores	5.2	-5.6	0.2
Fresh and Preserved Seafood	8.6	-0.5	4.4
Other Foodstuffs	4.6	-2.3	1.5
Hides and Leather Products	0.9	-13.5	-5.7
Minerals and Products	1.4	-2.5	-0.4
Lumber and Products	5.9	-3.4	1.7
Fibres and Other Agricultural Materials	5.3	-7.6	-0.6
Gold and Industrial Diamonds	6.9	-0.4	3.6
TOTAL OF ABOVE PRODUCTS	6.2	-3.2	1.9
Total Excluding Gold and Diamonds	6.1	-3.6	1.7
Memo items			
All Foods and Feeds	6.9	-2.1	2.8
All Agricultural Raw Materials	6.3	-6.0	0.7
All Ores, Minerals and Metals	6.0	-2.7	2.1
All Manufactured Goods**	9.4	3.6	6.8
ALL TRADED GOODS	8.1	2.8	5.7
Source: Ng and Yeats (2000).			

¹⁸ It must be noted that there is already an evolution inside the traditional trading networks who more and more try to be part of the modern economy and sometimes succeed. For example in Mali, one of the most important traditional grain trader family has now changed to the major group invested in hotels and has given up its traditional activities. In other families of Sahelian traders, the younger generations were sent to business schools and have now the mission to engage the trading groups into modern economy.

At constant market share, no West African country came close to matching the rate of growth of world trade, which increased at an annual rate of 5.7% between 1990 and 1999. Of the countries of Western Africa, Ghana had the highest levels of growth in exports of traditional products, at 3.7%, will 2 points below the global average. More recently, between 1995 and 1999, traditional exports from all countries concerned experienced negative rates of demand induced growth, which suggests that the situation is worsening.

Table 3. Estimated Effect on Demand Changes for traditional exports from selected West African Countries (1990-99, at constant market share)

African Exporter	Traditional Exports (1990) (\$million)	Annual Rate of Growth in Projected Demand Induced Exports (%)		
		1990-95	1995-99	1990-99
Cote d'Ivoire	1,833	6.9	-1.2	3.1
Ghana	945	7.3	-0.8	3.5
Liberia	264	3.3	-3.6	-0.2
Nigeria	274	5.3	-1.5	2.1
Benin	53	6.7	-5.1	0.7
Guinea	50	7.1	-4.7	1.2
Mali	166	5.7	-9.2	-2.2
Mauritania	408	4.4	-1.9	1.3
Senegal	357	2.7	-2.7	0.0
Togo	202	0.8	-4.1	-1.8
ALL SSA COUNTRIES	21,596	5.4	-2.0	1.8
MEMO ITEM: (Global Trade Statistics)				
ALL GOODS	3,195,029	8.1	2.8	5.7
Manufactures	2,243,810	9.4	3.6	6.8
Foods and Feeds	392,450	6.9	-2.1	2.8
Agricultural Material	103,020	6.3	-6.0	0.7
Ores, Minerals & Metals	132,036	6.0	-2.7	2.1

Source: Hg and Yeats (2000).

2.2.3.1 *World price market evolution on the WA traditional exportations*

In addition to the negative perspective of the traded volume of traditional West African exports, the price of nearly all these products decreased over the past two decades (Table 4). All major groups of products exported by the West African countries, with the exception of crude petroleum, have experienced similar decrease in price. During the same period, the Manufactures Unit Value Index has gone up indicating a decline in the terms of trade for the exports of traditional products from Western Africa. Furthermore, the prices of these traditional products are not only decreasing, they are also affected by high levels of instability. Traditional products are more exposed to exogenous price shocks that undermine the regular trade trends for these products. All of these developments suggest that for West African countries, the prospect of viably increasing exports in traditional products is low and underline the need for these countries to shift their export-oriented production to more industrialized and processed goods.

Table 4. Export prices of selected primary commodities for selected years, 1989-2000 (Indices 1990=100)

	1989	1992	1994	1996	1998	1999	2000	
							Q1	Q2
Wheat	125	112	111	153	93	83	79	81
Maize	102	95	99	151	93	83	86	84
Rice	112	99	100	125	113	92	89	76
Bananas	101	88	81	87	89	79	91	80
Coffee	126	73	180	139	150	116	109	96
Cocoa beans	98	87	110	115	132	90	71	73
Cotton	92	70	97	98	79	64	64	72
Rubber	112	100	130	162	84	73	81	83
Hides and skins	98	82	94	95	83	78	83	84
Crude petroleum	78	83	69	89	57	78	116	117
All primary commodities	94	91	98	109	86	87	100	99

Source: WTO. *International Trade Statistics*, 2002. Table A21.

2.2.4 Supply-side constraints: investment and infrastructure

In West Africa, until the SAPs, the main investor was the State either directly through its own budgetary resources, or indirectly through the resources from public owned companies, grants and loans from donors and banking systems.¹⁹ With the exception of limited investments from foreign companies in specific sectors, the modern private sector was not a major investor. In the 1980s it became clear that, with the reduction of their resources, the States could no longer be the leading investor. The private sector was then invited to “play its role” and invest. Donors encouraged this trend and effectively contributed to privatisations and restructuring of the financial system.

Nevertheless, the situation remains characterised by low levels of both local and foreign investment, due to the overall economic situation and by the difficulties in the financial sector including, *inter alia*:

- in the 1980s the banking system in WAEMU countries faced severe restructuring, a process which is not yet complete;²⁰
- the banking sector is reluctant to finance investments and prefers short term loans to traders with a high level of guaranties;
- even when the banking sector is liquid, there are few projects that are considered “bankable”. Even the Development Banks are reluctant to finance private sector projects.

¹⁹ In many cases with a guaranty from the State.

²⁰ In Benin, the banking sector as a whole went bankrupt.

In such an environment, investment is mostly financed through traditional mechanisms relying on traditional solidarity links. Most FDI is financed by foreign banks either directly or through guarantees granted by foreign banks.

Recent developments highlight the success of micro financing which proved to be very efficient with solid rates of return for investors and low levels of risk due to careful screening and monitoring of borrowers.

In Nigeria the banking sector is no better off and also relies on commercial loans. This is also the case in Mauritania where all the local banks are, in fact, affiliates of groups of traders and tend to limit their activities to the financing of the commercial activities within this group. In Ghana the banking sector is limited by the unpredictability of the exchange rates of the local currency, the Cedi, and the high level of inflation and thus of interest rates. The banking sector does most of its financing activities in hard currency with clients engaged in export activities whose income is in Euros, CFA, or dollars.

This lack of resources and difficulty accessing adequate financing tools severely hampers the development of infrastructure. The countries themselves have almost no investment budget and rely on contributions from donors to improve the basic infrastructure.

It is very difficult for the private sector to contribute to financing infrastructure in such an environment. Nevertheless, recent developments demonstrate a possible contribution by the private sector to the development of infrastructure in support of its main activity, in some cases. For example, in Senegal the recent privatization of the national rail company was made possible through a significant contribution by a major trading company, whose motivation was to facilitate the transportation of its products from Dakar to the land-locked countries. In Cote d'Ivoire, the freight capacity of the Abidjan airport has been financed by a local private company, previously involved in the development of Yamoussoukro freight airport, a hub for exports of fresh fruits and vegetables despite the current political crisis. This company needed equipped cargo facilities for its activities and even developed a local freight airline company able to collect products in the Northern part of Cote d'Ivoire, Sikasso in Mali and Bobo Dioulasso in Burkina Faso with small planes, using Abidjan as a hub.

These examples are exceptions and the fluidity of trade in the region is limited by very poor road infrastructure, the virtually non-existent rail networks, which are more oriented to transportation between coastal countries and land-locked regions rather than linkages between countries. Moreover, inefficient air connections exist between Francophone and Anglophone countries after the collapse of Air Afrique, the only regional airline.

3 Sustainability Context

3.1 Economic, Social and Environmental Issues

3.1.1 Structure of the national economies

There is a disparity in the size of the economies in Western Africa. Levels of gross domestic product (GDP) in 2000 ranged from lows in countries such as Guinea Bissau (GDP US\$.2 billion), Gambia (GDP US\$.4 billion), Cape Verde (GDP US\$.5 billion) and Sierra Leone (GDP US\$.6 billion) to highs in Senegal (GDP US\$.4 billion), Ghana (GDP US\$.1 billion) and Ivory Coast (GDP US\$.9 billion). But by far the largest economy in the region is Nigeria with a GDP in 2000 of US\$41 billion (Table 5).

In 2000, *per capita* GDP was lowest in Sierra Leone (US\$126), Niger (US\$169), and Guinea Bissau (US\$180) and highest in Guinea (US\$406), Senegal (US\$459) Ivory Coast (US\$585) ; Cape Verde enjoys a particularly high per capita GDP (US\$1,266) due to an active expatriate population sending money back to Cap Verde. Per capita GDP in Nigeria was US\$324 in 2000.

Table 5. GDP and per capita GDP in West African ACP countries (2000)

	Gross Domestic Product (GDP) (US\$ million) ¹	Per capita GDP (US\$) ¹	Annual growth rate (%) 1990-2000 ²
Benin	2,168	346	1.8
Burkina Faso	2,192	194	2.4
Cape Verde	558	1,266	3.3
Gambia	422	324	-0.3
Ghana	5,190	269	1.8
Guinea	3,012	406	1.7
Guinea-Bissau	215	180	-1.1
Ivory Coast	9,370	585	0.4
Liberia (1985)	1,095	350	..
Mali	2,298	212	1.3
Mauritania	935	351	1.2
Niger	1,826	169	-1.0
Nigeria	41,085	324	-0.4
Senegal	4,371	459	0.9
Sierre Leone	636	126	-6.5
Togo	1,219	269	-0.4
Average	4,787	389	

Source: ¹European Commission, DG Trade. *External Trade 2002: EU-ACP volume 6*. ²UNDP. *Human Development Index, 2002*.

In Western Africa, there is a distinction between Sahel and non-Sahel economies, and between the countries in the region and Nigeria, which is the major economic driving force in the region.

The Sahel countries (Burkina Faso, Gambia, Guinea Bissau, Niger, Mali, and Senegal and Mauritania) are all LDCs. Their economies rely predominantly on agriculture and to some

extent commerce. Agriculture is typically carried out on a small scale with most producers farming between 1 and 5 ha.²¹ It is therefore difficult to develop mechanised agriculture and attempts to create larger farms face the challenge of obstacles related to land tenure.

Only four of Sahel countries have direct access to the sea (Mauritania, Senegal, Gambia and Cape Verde). The others are landlocked countries with poor and costly transport infrastructure (road and rail). Even though Mali and Niger have important mineral potential, with the exception of very high-value products (gold and precious stones), their exploitation is not economically viable at present.

A potential for export of agricultural products exists in Sahel countries. This is already happening in Senegal, Burkina Faso and Mali which have begun to export fresh “out of season” fruits and vegetables to the EU. Much more could be done with an improvement of logistics. Mauritania for instance enjoys very good lands and climatic conditions on land bordering the Senegal River. Mauritania is geographically close to the EU and could compete with Morocco on many products.

The non-Sahelian countries are the more developed countries in the region. They enjoy favourable climatic conditions, a diverse range of agricultural possibilities, a manufacturing sector and export possibilities with direct access to the sea. Three of them are not classified as LDCs (Ghana, Ivory Coast and Nigeria). In addition, Guinea has considerable undeveloped potential in sectors such as agriculture, mining and industry.

Nigeria plays a dominant role in the region (60% of the consumers, 47% of regional GDP, 50% of the industrial potential, 60% of the graduates).²² The “real” economy in the region depends on Nigeria. Nigeria trade is mainly directed to Africa (70-78 %) but the ECOWAS’ share in total Nigerian (world) exports is reduced (5% in 1998). Its neighbouring countries (Benin and Togo) are “warehouse states” (a major part of their imports are re-exported to Nigeria and their imports from Nigeria are largely re-exported). Niger depends on agricultural products from Nigeria (grains) and provides meat to the Nigerian market. Nigeria not only provides a major market, but also has a very dynamic and diversified agricultural base able to provide products to most of region.

The industrial and manufactured production from the other countries including Ghana and Ivory Coast is largely dependant on Nigeria. With its diversified manufacturing sector, Nigeria provides West African countries with all manner of consumer goods at affordable prices, although they are often of relatively low quality. However, this makes it almost impossible for other countries to develop viable and competitive manufacturing sectors: for example, the current problems of the textile industry in the region are largely due to textile imports from or through Nigeria. Since informal trade is the rule in the region, administrative protections are inefficient. Obviously the dominant economy in Western Africa, Nigeria nonetheless does not play an economic leading role – there is no spillover effect from Nigeria towards the neighbours’ states – but rather has a de-structuring impact on the regional economy.

²¹ Harsh weather conditions play an important role in their economic well-being in light of their strong dependence on agriculture.

²² OECD. 2000. Prospects for trade between Nigeria and its neighbours. Club de Sahel. November.

Among other economical and political reasons, WAEMU could also be considered as an attempt to build a counterweight to Nigeria's economic power within the ECOWAS region but current problems in Ivory Coast will weaken WAEMU as a sub-regional economy.

Data in Table 6 are taken from the National Account of ECOWAS for 2000.²³ It is used in conjunction with the World Bank data on general economic profile, made up of Agriculture, Industry and Services. The benefit of the World Bank data is that there is consistent data for all regions of the ACP. The advantage of the ECOWAS data is that they are more detailed in terms of its breakdown of the economies of ECOWAS countries. It identifies two key industrial sectors (manufacturing and mining) and also includes a breakdown of services into construction, restaurants/hotels, transport/communications and finance/banking. One drawback for the purposes of this study is that it excludes Mauritania. Therefore, the ECOWAS data should supplement, rather than replace, the data collected by the World Bank.

In general in the countries of Western Africa, the dominant overall economic activities are agriculture and services. According to the ECOWAS national accounts, the ECOWAS countries that rely the most on agriculture are those located in the southern part of the Atlantic coast: Liberia (76.2%), Guinea-Bissau (61.4 %) and Sierra Leone (48.5%), where the endemic political instability discourage FDI and the development of industry and where the services industry is the less developed (8.3%, 21% and 26.7% respectively).

Cape Verde, in particular, is overwhelmingly dominated by services (72.2%) and also experienced the highest levels of growth in the region between 1990 and 2000.²⁴ The main services sectors are household services and commerce (23.3%), transport and communications (19.4%), and construction (13.3%). Cape Verde also has the least important agricultural sector, representing only 8.7% of total GDP in 2000, according to the ECOWAS data.

Sierra Leone, Guinea Bissau and Nigeria rely the least on services as a contributor to GDP, with overall contributions of 20.8%, 23.7%, and 24.5%, respectively.²⁵ Similarly, Liberia has very small services and industrial sectors at present.

²³ ECOWAS. 2000. Comptes Nationaux de la CEDEAO, Abuja. Despite the fact that the trends are similar, these data present some disparities when compared to 2001 data presented at a more general level of aggregation by the World Bank (Agriculture, Industry, Services. World Bank. 2002. World Development Indicators). This occurs mainly because of differences in nomenclature and lack of harmonization of ECOWAS National Accounts compared to harmonized World Bank data. This clearly illustrates the statistical difficulties in Africa and given the lack of data generally, these figures are included to illustrate the general makeup of the regional economies in Western Africa.

²⁴ World Bank. 2002. World Development Indicators.

²⁵ World Bank. 2002. World Development Indicators.

Table 6. ECOWAS Member Countries: GDP of Main Economic Activities in % of Total GDP (2000)

	Agriculture	Mining Industries	Manufacturing industries	Electricity, Gas, Water	Construction	Commerce/ Restaurants/ Hotels	Transport/ Communications	Finance/Banking, Insurance/ Real Estate
Benin	40.6	0.1	10.1	1.3	3.5	14.7	5.9	16.1
Burkina Faso	35.1	0.6	13	0.6	1.7	13	4.7	0.1
Cape Verde	8.7	1	5.9	1.8	13.3	23.3	19.4	4.2
Ivory Coast	28.2	0.3	17.8	2.4	3.1	18.1	5.2	4.3
Gambia	23.8	0.1	5.1	0.7	4.4	17.6	8.7	6
Ghana	30.9	6.4	10.1	2.6	8.7	7.5	5.1	0.5
Guinea	18.5	18.6	3.8	0.5	7	28	5.9	8.4
Guinea Bissau	61.4	0	8.8	0.2	3.4	14.5	2.5	0.4
Liberia	76.2	2.1	4.6	0.5	1.5	3.6	2.8	2.9
Mali	47	6.2	6.4	1.7	5.1	15.6	5.9	1.2
Niger	37.3	5.8	6.8	1.4	2.7	21.5	6.5	0.6
Nigeria	41.5	10.7	6	0.5	2.1	12.1	3.2	9.6
Senegal	20.9	0.3	21.2	1.9	4.8	21.8	12.7	19
Sierra Leone	48.5	14.7	5.8	1.8	2.7	14	4.8	3.4
Togo	43.6	8.1	8.5	3.6	4.2	55.5	5.5	8
ECOWAS	35.4	7	9.5	1.5	4.5	14.4	5	6.1

Source: ECOWAS National Accounts, 2000.

In Nigeria the industrial sector contributes 46% of GDP. The remainder is divided roughly equally between agriculture and services.²⁶ As a contribution to GDP, the role of industry in Nigeria is well above the regional average of around 23%. Guinea Bissau, Gambia, and Benin have the lowest levels of industry as a contributor to GDP at 12.0%, 12.7% and 15.1%, respectively.

According to ECOWAS data, manufacturing industry is largely under-represented in the contribution to GDP in national economies and is only developed in non-LDC countries including Ivory Coast (17.8%), Ghana (10.1%), Nigeria (10.7% in mining) There are three exceptions, the former non-LDC Senegal (21.2%), Guinea (18.6%) and Sierra Leone (14.7%), the latter two countries focusing on mining.

²⁶ Data from ECOWAS National Accounts present a much more developed agriculture sector (41.5 % GDP), and a less developed industrial sector: however, these data only take into account two main (?) industrial sectors (mining and manufacturing, weighting for 16.7 %); one can suppose that other important industrial sectors are contributing to GDP but are not taking into account by the ECOWAS National accounts data.

Of the countries in the region, Ivory Coast presents a relatively balanced profile in its economic make up with 28.2% in agriculture, 18.1% in industry (two main sectors) and services developed in commerce (18.1%) and transport and communication (5.2%). The land-locked countries of the Sahel still rely heavily on agriculture but also on commerce as they are located at the heart of the trading nexus in Western Africa—Mali (47% agriculture; 15.6% commerce), Niger (37.3% and 21.5%) and Burkina-Faso (35.1% and 13%). The northern countries along the Atlantic coast also present strong GDP contribution of commerce, their economies being oriented towards the Mediterranean basin and Europe. This is particularly the case in Guinea (28% commerce), Senegal (21.8%), Gambia (17.6%) and Guinea Bissau (14.5%). It is also true in Cape Verde and Senegal where the transport industry is the more developed (19.4% and 12.7% respectively).

Togo and Benin are small countries where the most important sector remains agriculture (43.6% and 40.6% respectively) but where the commerce is also important (14.7% in Benin and 55.5% in Togo). Transport and communication services are also partly developed in Benin and Togo (5.9% and 5.5%, respectively). These countries are important ‘warehouses’ and part of commercial transportation corridors for the land-locked countries in the Sahel.

3.1.2 Social Priorities and Poverty

During the last 40 years, Western Africa experienced an ‘historic’ demographic growth (from 85 million people in 1960 to 215 million in 1998) combined with an important connection to the world markets. These trends have had (and still have) tremendous impacts on the economic, social and environmental profile of the region, accelerating regional and international migration flows, increasing urbanisation resulting in an exodus from rural areas, all of which contribute to basic social deterioration in terms of poverty, health and gender equality in rural and urban areas.

3.1.2.1 Population

One issue related to development opportunities for the population of Western Africa is linked to demographic trends. At 2.7 per cent per year, population growth in Western Africa is set to double in the next 25 years, following a trend that has existed since the 1970s. This trend is particularly pronounced in the countries of the Sahel.²⁷ It is explained by a rise in the natural rate of increase in the population and by increasing migration.²⁸

Nevertheless, fertility rates have been declining in the region since 1970, in all countries with the exception of Niger. This is consistent with most recent demographic trends in a majority of African countries whereby fertility rates are dropping due to factors such as an

²⁷ Burkina-Faso, Cape Verde, Gambia, Guinea-Bissau, Mali, Mauritania, Niger, Senegal (and Chad which is not a member of ECOWAS).

²⁸ A rise in the natural rate of increase in the population is a result of falling mortality rates and increasing fertility rates, and explains the major population increases that occurred in the region between 1970 and 2000. Fertility rates in the Sahel countries are among the highest in the world, at an average of 6.4 children per woman. This compares to fertility rates of 5.6 in other sub-Saharan Africa.

increase in the average age at marriage, development of contraception, migration of rural populations to urban centres, and increasing access to education.²⁹

If these trends continue, population growth in the region may be curbed. However, these effects will only be observable in the coming decades, starting in 2025, because nearly 50 per cent of the population in the region is under the age of 15. In the short term, it is likely that the population will continue to increase over the next 20 years. At the same time, the median age of the population is expected to increase, changing the demographic profile in the region.

One of the major consequences of this demographic shift will be a decrease in the rate of dependency—defined as the share of the population that is of working age and that can contribute to the economy, compared to the share of population that is either too young or too old to work. In 2000 the dependency rate in Sahel countries was exceptionally high, at 96 per cent—each working person was responsible for another non-working person.³⁰ By 2050, the United Nations predicts that, as a result of demographic change, the dependency rate will be 46 per cent.³¹

This presents a huge opportunity for economic and social development in Western Africa. The OECD suggests that the dramatic decrease in the dependency rate in Western Africa will have consequences including, *inter alia*:

- A rise of the active (compared to inactive) population, which should lead to growth in productive capacity and an increase in overall wealth, providing the population is not unemployed and productivity remains stable.
- For households, the reduction in the ratio of “dependant” people could lead to an increase in private savings. At a macroeconomic level, this could facilitate domestic financing of investments and reduce dependency on foreign flows.
- The impacts on public finance will be positive, because the rise of economic activity should increase public fiscal earnings.³²

From a strictly mathematical perspective, all other things being equal, a 10% fall in the dependency rate should translate into a 7% increase in levels of *per capita* GDP (OECD-Club du Sahel).

Still these positive impacts are dependent on the opportunities available to people of working age to participation in national economic life—in the official economy or in the informal economy. If these opportunities do not exist, negative impacts could flow that include rising unemployment, violence, and animosity among sectors of the population engaged in modern economic activity and those that might be left behind and whose living standards have not improved. The fragile ethnic equilibrium of several Sahel countries presents a favourable climate for civil unrest. By creating positive conditions for economic and social development, the EPAs can help to realise opportunities for development.

²⁹ Urban fertility rates are typically lower than rural fertility rates.

³⁰ The dependency rate in developed countries is typically 50 per cent. It is 63 per cent in Latin America and 92 per cent in other sub-Saharan countries in Africa.

³¹ United Nations. 1998. *World Population Prospects, The 1998 Revision*, Department for Economic and Social Information and Policy Analysis, New York: United Nations.

³² OCDE. 2001. *Profil économique et social des pays sahéliens*, Chapitre I – Population et développement humain, février, OCDE-Club du Sahel, Paris.

3.1.2.2 Migration and Urbanisation

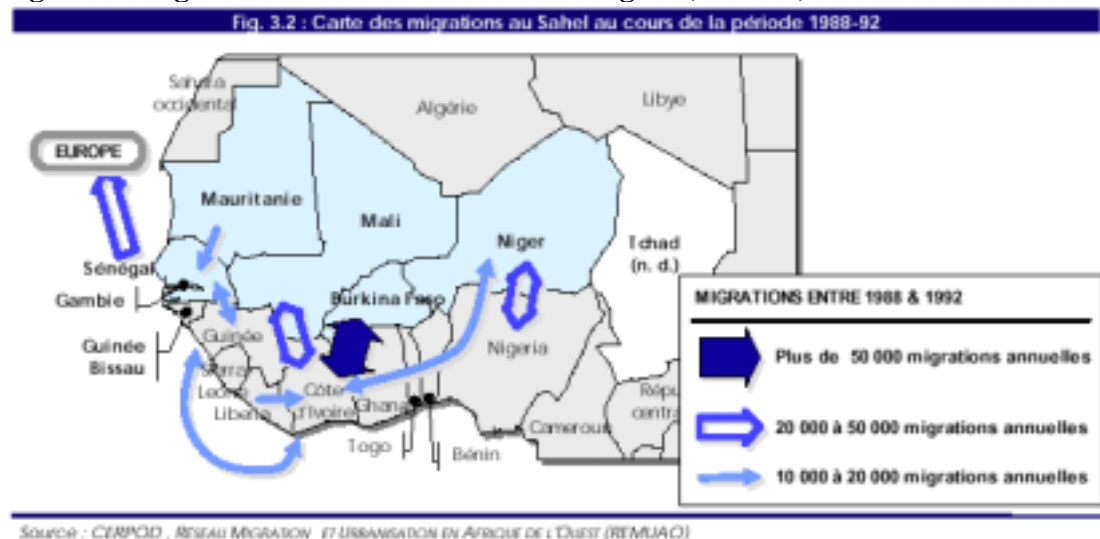
Migration patterns will impact strongly on opportunities for development and the well-being of populations. Migration in Western Africa affects more than 600,000 people each year – or 4 per cent of the population over 15 years of age. Three main trends of migrations include:

- Migration from rural to urban areas zones (46%);
- Intra-rural migration (10%) and intra-city migration (2%);
- Migration from landlocked countries to coastal countries.³³

The vast majority of migration occurs from rural areas to urban areas. This has led to rapid urbanisation in Western Africa, in particular along the coastline between the Ivory Coast and Nigeria.

Apart from traditional migration out of the desert zones, important migrations flows have been influenced by the development of exports crops (cotton, cocoa, coffee and groundnuts) and by the urban market opportunities for agriculture products. The density of population in rural areas has been strongly influenced by the development of urban markets, thereby enhancing the differences between rural populations located in areas well-connected to urban market (and thus benefiting from economic opportunities) and those suffering simply from an exodus of a rural population. In this context of rapid demographic development, urbanisation (by incorporating important flows of migrants from rural areas) plays an important role of stabilisation of demographic trends, reducing the pressure on the land and thus allowing the remaining rural population to develop viable production. It will however have strong economic, social and environmental impacts on the urban areas.

Figure 2. Migration in the Western African region (1988-92)



The process of urbanisation can be considered the “first form of large-scale work division” between producers and consumers.³⁴ It is an essential condition for the growth of rural

³³ International migrations (intra and extra-regional) are also important with 31% emigration (mainly to Europe) and 23% immigration.

revenues and for the intensification of agriculture production, provided that the urban demand is sufficient, connections between urban markets and production areas are efficient and the macro-economic environment is favourable. External trade policies and new moves towards increasing liberalisation will play a major role in ensuring a favourable environment for this complex and fragile demographic/urbanisation process.

Foreseeable consequences of urbanisation include:

- An increase of urban employment mainly in the informal sector and not the formal sector, which requires qualified workers; the informal sector will be strengthened and remain a refuge for the poor.
- Most of the economy will be in urban centres and they will become the engines of the economy.

Urbanisation is closely connected to issues of food security. The development of urban centres has encouraged an increase of the production of food of 2% per year between 1960 and 1990. However, urbanisation means that there are fewer farmers on the land, and often the distances required to transport food to the urban markets are increased as a result of urban sprawl. Where producers do not have adequately refrigerated vehicles, for example, to transport food from the rural areas to the urban areas much can be spoiled. In addition, per capita yields are declining throughout the region as a result of, *inter alia*, population growth, and not enough food is produced to cover the needs of a population increasing at rates of 2.7% per year. Imports are still needed in most of the region (although Nigeria is close to being self sufficient as a result of currency pressures which forced it to develop local production).

For export crops, the evolution might well be favourable since the move to better lands will force a change in the methods and allow a more intensive agriculture taking into account the need of productivity and better use of a now scarce resource—the productive land.

Urban markets could also attract both foreign and local investors to the “modern” sector. However, this is considered unlikely by some commentators who point to the weak purchasing power of the consumers and suggest that these markets are more likely to benefit the “informal” economy. Also, what is important for the development of a modern economy is the presence of a dynamic economy and of qualified workers, which do not exist at present. The majority of the population remains poor and under-qualified.

3.1.2.3 *Poverty*

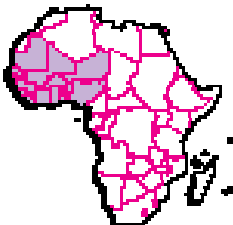
Poverty in the region is a third important issue. Poverty is a critical indicator for an SIA given its strong linkages to economic development and the environment and its fundamental role in the well-being of societies. The UN proposes several synthetic indices for measuring the human development and poverty including the Human Development Indicators (HDI).³⁵ The HDI measures the average achievements in a country based on three dimensions of human development: *a long and healthy life; knowledge; a decent*

³⁴ OECD (1998). ‘Pour préparer l’avenir de l’Afrique de l’Ouest – Une vision à l’horizon 2020’. Club du Sahel, Paris.

³⁵ HDI ranking from 0 to 1 UNO, United Nations Development Report 2003.

standard of living.³⁶ Over the past 30 years, the HDI of West African countries has risen slowly but still remains, on average, below average rankings for Sub-Saharan Africa, LDCs as a group, and well below the developing country average.

All of the countries in Western Africa suffer from very low HDI ratings (Table 7). Only three countries in the region rank around the average for developing countries: Cape Verde, Ghana and Togo. The remaining countries in Western Africa are at the very bottom of developing countries in terms of human development.

Table 7. West African countries' ranks and levels of HDI (2000)			
	Low HDI	Medium HDI	High HDI
	175 - Sierra Leone (0.275)	141 - Togo (0.501)	none
	174 - Niger (0.292)	129 - Ghana (0.567)	
	173 - Burkina-Faso (0.330)	103 - Cape Verde (0.731)	
	172 - Mali (0.337)		
	166 - Guinea-Bissau (0.373)		
	161 - Ivory Coast (0.396)		
	159 - Benin (0.411)		
	157 - Guinea (0.425)		
	156 - Senegal (0.430)		
	154 - Mauritania (0.454)		
	152 - Nigeria (0.463)		
	151 - Gambia (0.463)		

Source: UNDP. *Human Development Report*. 2002.

In Western Africa, poor populations are concentrated in rural Sahel areas. However, there is also a growing concentration of poor in burgeoning urban centres. This could be a cause of tension in the future and increase the risks of conflict between populations of different ethnic groups as has already occurred in Nigeria and the Ivory Coast.

Urban poverty can be contained somewhat by the development of a massive informal economy, which function is primarily to fulfil basic needs of the population relying on a subsistence economy. Over the past 40 years, people working for the “modern” sector (non-agricultural) of the regional economies has remained stable at around 10-15% of the total of population. The main trend has been a huge shift in the population from the agricultural sector to the informal (non-agricultural) sector. This trend is expected to continue and the “informal” economy is likely to become the most important “sector” for a majority of the population by 2020.

The poorest countries and populations in the region are likely to be made more vulnerable to the trade opening within the framework of trade agreements because they are deprived from the basic conditions necessary to be able to take advantage of the opportunities presented by liberalisation. In particular, this would include pursuing diversification strategies in response to increasing competition from imports in some sectors and for some products.

³⁶ A long and healthy life is measured by life expectancy at birth, knowledge is measured by the adult literacy rate (with two-thirds weight) and the combined primary, secondary and tertiary gross enrolment ratio (with one-third weight) and a decent standard of living is measured by GDP *per capita* (PPP US\$).

The UN's Human Poverty Index (HPI) measures *deprivations* in the three basic dimensions of human development captured in the HDI: a long and healthy life (vulnerability to death at a relatively early age); knowledge (exclusion from the world of reading and communications); and, a decent standard of living (lack of access to overall economic provisioning).³⁷ The average rating of ECOWAS countries is 44.05 per cent. As with the HDI, the country levels are uneven between the Gulf of Guinea countries (38.06%), the Atlantic coast (39.75%) and the land-locked countries, where deprivation of basic human development needs is particularly high (53.81%).

In Western Africa over 47 per cent of the total population lives below the national poverty line and 43.4 per cent live on less than a dollar a day, with 70.8 per cent living on less than two dollars per day. Within ECOWAS, the land-locked countries in the north have the highest indicators of poverty in the region.

- Countries of the Gulf of Guinea: 35 % of the population lives under the national poverty line (40.4% and 71.6% living on less than 1\$ and 2\$ per day, respectively);
- Countries along the Atlantic coast: 55% of the population lives under the national poverty line (29% and 54% living on less than 1\$ and 2\$ per day, respectively);
- Land-locked countries: 57.5% of the population lives under the national poverty line (65% and 87% living on less than 1\$ and 2\$ per day, respectively).

These indices do not reflect the profound dichotomy between two clearly separated social groups in Western Africa, which pursue distinct development strategies. The first group is engaged in the modern economy (mainly driven by overseas trade) that benefits from opportunities for growth, but is also more exposed to international forces such as global commodity prices. This group has remained relatively stable over the past 15 years. The second group includes those people engaged in the “informal” economy. The “informal” economy is less exposed to international pressures and, so far, managed to regulate its development by the rural/urban migrations. But it is basically a ‘survival’ economy, aimed at fulfilling the basic needs of the community (without any consideration of productivity). Increased liberalisation could impact this group if the traditional, informal regulation processes are influenced by new rules and new competitors.

3.1.2.4 Health

Health is a fundamental factor in the economic and social development of African countries, by limiting the loss of wealth creation due to mortality, by enhancing the general level of education (children can go to school) and by allowing financial resources to be redirected towards productive activities. Health expenditure account for over 3% of GDP in the region, more than 4% for the Sahel countries, but are still below the required level for ensuring the basic health services for a large majority of the population (4.8% of GDP for 80% of the population in the Sahel countries).

³⁷ The lowest rate of HPI is interpreted as a low degree of poverty. HPI measures deprivation of three criteria: 1) a long and healthy life (vulnerability to death at a relatively early age) is measured by the probability at birth of not surviving to age 40; 2) knowledge (exclusion from the world of reading and communications) is measured by the adult illiteracy rate; 3) a decent standard of living (lack of access to overall economic provisioning), as measured by the unweighted average of two indicators, the percentage of the population without sustainable access to an improved water source and the percentage of children under weight for age.

Public health expenditure, as a percentage of total government expenditure, varies widely between groups of countries in Western Africa. The average is 7.8%. The countries along the Atlantic coast as a group average 8.7%, the land-locked countries in the north average 8.1% and the countries along the coast of the Gulf of Guinea average 6.1%. Among countries, these expenditures range from 1.9% in Guinea Bissau to 12.9% in Guinea.

In Western Africa, the average life expectancy at birth was 48.3 years between 1995 and 2000. It is estimated at 54.9 years between 2000 and 2005 without AIDS, but only of 50.5 years if AIDS is taken into account.³⁸ The economic and social consequences of AIDS are heavy for West African countries because a majority of HIV infected people are young (heterosexual) adult, the most economically active part of the population. Within Western Africa, the countries of the Sahel have the lowest life expectancy rate, although it rose from 40 years to 49 years between 1970 and 1998. This rise is explained by a decline in the infant mortality rate and a general improvement in living conditions. However, the infant mortality rate in the Sahel is still 10 per cent above the average for sub-Saharan Africa. These low life expectancy levels can be explained by the weakness of national revenue of West African countries, as well as to other factors such as lack of accessibility to medical centres (particularly in the land-locked countries) and to low-cost generic medicines. The civil strife in some West African countries should also be taken into account.

3.1.2.5 Gender

Consideration of issues related to gender is important for developing policies that aim at alleviating poverty and establishing sustainable societies. Women experience poverty and deprivation because they lack access to and control over resources, which would enable them to participate more actively in economic development and to produce and trade competitively in the market. It is therefore an important prerequisite for poverty reduction to provide women with equitable access to and control of productive resources.³⁹ These issues of inequality between men and women are pronounced in Western Africa where women are the main traditional working force in rural areas. As shown during the seminar held in Dakar (November 2003) women are producers and also important traders, at all level of trade, formal and informal. Improving their level of education, access to technology and finance would have a dramatic impact on growth of most Western Africa countries.

Based on the UN's Gender-related Development Index (GDI), the average GDI for Western Africa is 0.43, compared with 0.9 in OECD and EU countries.⁴⁰ Most of the countries in the region are at the very bottom of the GDI rankings (ranging from 104th place for Ghana to 144th place for Niger). The only country in the region with an average ranking is Cape Verde, in 82nd place. Cape Verde contributes to a relatively high ranking for the countries along the Atlantic coast, which, taken together have an average index of 0.51. This compares with countries along the Gulf of Guinea at 0.45 and the land-locked countries in the Sahel with a very low index of 0.36.

³⁸ Table ECOWAS – Basic Health Indicators; World Bank (2003).

³⁹ APPRODEV. 2002. *“EPAs – What's in it for Women? A gender based impact assessment study on 'Women in Zimbabwe: Issues in Future Trade Negotiations with the EU'”*. Brussels. November.

⁴⁰ The GDI adjusts the average achievement to reflect *the inequalities between men and women* in the three main basic human dimensions used for calculating the HDI and HPI: a long and healthy life, knowledge, and a decent standard of living United Nations (2003).

The first inequality between men and women is towards health issues: even if, on average in the Western Africa, the life expectancy (at birth) is higher for women (51.14%) than for men (48.54%), the healthy life expectancy at birth is slightly higher for men than women (40.9% compared with 40.5%). Women live longer but are less likely to be healthy.⁴¹ Moreover, the female mortality is higher for women between 15 and 34 because of high maternal mortality rates. In the countries of the Sahel there were 1,163 maternal deaths for each 100,000 births between 1990 and 1996. This is 18 per cent higher than the average rate of maternal mortality in LDCs.

A second inequality concerns the access to education. The average literacy rate in Western Africa is 55.5% for boys and only 34.7% for girls. Disparities are also important between sub-regional groupings in Western Africa. This rate is extremely low for the land-locked countries in the Sahel where only 13.5% of girls are literate, compared to 32% of boys. In the countries along the Atlantic coast the figures are 56.9 and 36.4 for boys and girls, respectively. In the countries of the Guinea Gulf countries literacy is the highest in Western Africa with 68.3% of boys and 45.9% of girls being literate.

It is widely agreed that gender inequalities have an important development cost. According to the World Bank, there is a clear correlation between gender inequalities (especially in education and job opportunities) and national economic growth that could be reduced where large differences exist. For all sub-Saharan countries, this gender difference could explain up to 0.7% of GDP (per person) between 1960 and 1992.⁴²

Development will take time since although women in Western Africa have a leading traditional role, this is limited to the context of their family. They have access to production and commerce in the context of family farms but not outside. Urbanisation is the source of an important evolution. Women, even within their traditional role, can have access to modern economy, to employment and thus to a certain extent they have a better access to education and training which allows them to play their part in the economic sector.

3.1.3 Environmental Priorities

The link between development, social priorities and the environment is pronounced in Western Africa. For example, there are links between the movements of people from rural areas to urban centres. It is not clear that the environmental authorities in the region have the human and financial resources to effectively tackle some of the challenges that are posed by the rapid urbanization in the region, including providing fundamental services related to providing clean water or sound waste management practices.

There are also important links between the standard of living of people and farmers in rural areas and the preservation or deterioration of environment, mainly soil degradation. In Western Africa, the very poor rural inhabitants develop strategies for 'basic survival' and produce crops and feed livestock for their own needs or those of the close community. If, doing this, they mine the land, it is because their standards of living do not allow them to

⁴¹ Table ECOWAS – Sanitary conditions and ECOWAS – Gender Issues

⁴² OCDE (2001). *Profil économique et social des pays sahéliens*, Club du Sahel, Paris, février.

implement even the simplest innovations or basic practices such as adding inorganic fertilizer to the soil. The concern of preserving the environment is second compared to survival strategies and, therefore, poverty generates inappropriate methods of exploitation of environmental resources, degradation of the environment, low productivity and ultimately to more poverty.

In Western Africa the main forms of environmental degradation are summarized as follow: loss of natural vegetative cover, including deforestation, range land deterioration and reduction in floral diversity; depletion of faunal diversity; soil deterioration, including erosion, leaching and salinization and decline in fertility; coastal degradation; and human habitat pollution and the attendant health hazards.⁴³

3.1.3.1 *Land: Desertification and Degradation*

One of the most important environmental problems in West Africa is land degradation. Land degradation is closely connected to the productivity of agricultural lands and the maintenance of a steady food supply. It also disproportionately affects the rural poor, in some of the most vulnerable countries in the regions, such as those in the Sahel that depend on agriculture for the majority of their GDP.

Degradation of this nature is caused by a number of forces, some natural and some human. Natural pressures on degradation come mainly from erosion which can be wind-induced or water-induced. Patterns of migration, and in particular the exodus of populations from parts of the Sahel also aggravate desertification and lead to the loss of many small producers in the agricultural sector. They are perhaps most acute in the countries of the Sahel (Box 4). In the Sahel zone, the main agent of natural erosion is wind, supported by climatic conditions.

Human pressure on the land come about in part due to the production practices in the agricultural sector, combined with a rapid increase in the population and migration out of rural areas to urban areas. Any development in agriculture generally is likely to have impacts on land quality and lead to the further destruction of already fragile soils, and an increase in the process of desertification.⁴⁴ This in turn contributes further to declining, stagnating or marginally increasing agricultural output, which adversely affects food supplies, nutritional status, incomes and general welfare of the expanding population. Land degradation is felt most acutely by the poor because they are forced to cultivate marginal lands such as desert margins which get degraded more rapidly. Hence productivity losses are more rapid and affected households become increasingly food insecure.

⁴³ Benneh, G. (1997), 'Indigenous African farming systems: Their significance for sustainable environmental use', in E. A. GYASI and J.I. UITTO eds, *Environment, Biodiversity and Agricultural Change in West Africa*, United Nations University Press.

⁴⁴ Desertification refers to the loss of soil fertility and structure to the extent that its ability to support plant life is severely compromised. The implications of such serious forms of degradation are a reduction in vegetative cover, and a loss of soil fertility which leads to decreasing productivity.

Box 4. Desertification in the Sahel

In the Sahel area of Western Africa there is an increasing risk of erosion and desertification. In Niger, only 19 per cent of the country is non-desert, and most of this is highly vulnerable to desertification. Mauritania is similarly affected with 93 per cent of the country classified as hyper-arid, and the remaining 7 per cent at moderate to very high risk of desertification. The IPCC predicts that rainfall and run-off will decline, and that evaporation will increase, in this zone, further contributing to desertification pressures in the future. Areas in the north (Sahel, Mauritania) – huge degradation problem brought about by exploitation for food, fuel wood and other resources. Fuel wood is the major source of energy in many of these countries.

Source: UNEP 2002.

Unsustainable farming practices contribute to loss of soil fertility and to desertification. Any trend towards the development of extensive agriculture could have severe environmental consequences, with increased reliance of chemical and synthetic methods in soil fertility management and the development of highly polluting agriculture like cotton. Cotton is considered an “industrial” cultivation using large amounts of agrochemicals and irrigation. In Western Africa an increase of production and profitability is related to the intensification of the cotton cultivation.

Intensification has been undertaken by a managed use of fertilizers and a light mechanisation, with limited negative impact on environment. More sustainable farming systems based on effective soil-regeneration techniques are seen as one of the best solution for improving this situation. In Western Africa, some indigenous farming systems that rely on organic farming techniques (that do not employ agrochemicals) have been successful in supporting sustainability.⁴⁵

Population pressures are also negatively impacting land in Western Africa. The dramatic population growth in the region leads to rising demands for the basic necessities of life including food and energy. This can lead to exploitation of marginal lands for agricultural production, and increased harvesting of wood for use as fuel. Any economic pressures that lead to increased deforestation of more intensive agricultural practices will also have impacts on the land and could contribute to desertification and degradation.

3.1.3.2 Urban Air Pollution

Air pollution is emerging as an environmental challenge in the West African region in large part in response to rapid urbanisation, industry, vehicle emissions and some industrial activities. For example, Senegal is a major importer of used cars which represent 84 per cent of all vehicles in the Dakar region and constitute a major source of air pollution. The average age of vehicles in Dakar is approximately 15 years for cars and 20 years for buses. More than 40 per cent of the cars have diesel engines, which have particularly toxic emissions.

⁴⁵ These could be used as prototypes for even more environmentally sustainable systems of farming. Edwin A. Gyasi and Juha I. Uitto (1997), o.c.

In Nigeria, air pollution from the direct production and consumption of fossil fuels is exacerbated by the flaring of natural gas. Due to the lack of gas utilization infrastructure, Nigeria flares around 75 per cent of the gas it produces.⁴⁶ Gas flaring, which occurs in part because of limited infrastructure, contributes to both the production of acid rain and increased carbon emissions into the atmosphere—major source of CO² and methane.

Urban air pollution is likely to become a worsening problem as a result of increased economic and human activity that results in increased combustion of fossil fuels for domestic energy needs in both urban and rural areas, dependence on old vehicles and dirty fuels, or production practices such as the practice of gas flaring in Nigeria. In addition, processes that might accompany increased activity and trade, in particular, is the development of transportation networks in the region, allowing people to travel further distances to go to work, and moving goods towards ports on the coasts could aggravate the problem, particularly given the high dependence on fossil fuels for transportation and industrial activity.

3.1.3.3 *Biodiversity*

Western Africa as a region is well endowed with a wide diversity of habitats and species of flora and fauna. Its forests are particularly diverse (see Box). However, there are serious threats to the biodiversity in the region, though habitat loss brought about by human behaviour has led to the loss a number of species of flora and fauna and threatens many more.⁴⁷ Population pressures can put pressure on habitats as lands are converted for urban development and agricultural plantations to service growing population. In addition, it can lead to over-harvesting of plants and animals due to increasing population and rising consumption levels.

Trade liberalization and the economic pressure that it encourages threaten biodiversity in a number of ways. Most directly, involves the potential for a depletion in species brought about by an increase in the trade in endangered species, without adequate enforcement of international MEAs such as CITES. In addition, increased trade can facilitate the introduction of alien invasive species (which dominate and alter habitat conditions).

Economic pressures could also lead to the continued destruction and fragmentation of habitats (including deforestation), accelerated by increasing populations and increasing industrial and agricultural activity. This might include clearing and burning of forests, uncontrolled or illegal logging, fuel wood extraction, shifting agriculture, nomadic cattle rearing, overgrazing, and the continuous exploitation of marginal lands. Habitat loss due to conversion of natural habitats is well-documented. Savannas in the north have been degraded by exploitation for food, fuel wood and other resource; untreated effluents from domestic, commercial and industrial sources have polluted wetlands creating a toxicity risk for flora and fauna. Sustainable farming systems based on effective soil-regeneration

⁴⁶ US DOE April 2002.

⁴⁷ In Nigeria for example, in recent years the country has lost a number of important species including the cheetah, the pygmy hippopotamus, the giraffe, the black rhino and the giant eland. About 10-12 species of primates are under threat. An estimated 484 plant species from 112 families are threatened with extinction because of habitat destruction and deforestation. Government of Nigeria 2000.

techniques would not only contribute to the health of the soil, but could help alleviate pressures on species diversity.⁴⁸

Box 5. The Upper Guinea Forest

The Upper Guinea forest extends from western Ghana through Ivory Coast, Liberia and Guinea to Southern Sierra Leone, over approximately 420,000 km², it is a biologically unique system that is considered one of the world's priority conservation areas because of its high endemism. Nearly 2000 plants and over 41 mammals are endemic to the ecosystem. Species diversity is also high, with more than 20,000 butterfly and moth species, 15 species of even-toed ungulates and 11 species of primates. Estimates of existing forests suggest a loss of nearly 80 per cent of the original extent. The remaining forest is highly fragmented and spread across national borders. The forest fragments that remain are under severe threat, mainly arising from slash-and-burn agriculture which accounts for much of the sub-region's subsistence food production.

Source: Conservation International 1999, UNEP 2002.

Forests as a key natural resource and habitat. Commercial timber production is an extensive and lucrative occupation in West Africa contributing significant proportions of income and foreign exchange. Between 1990 and 2000 a total of 12 million hectares of forest were cleared in Western Africa – 15 per cent of the region's total forest.⁴⁹ Timber and wood products are typically exported to earn foreign exchange, and they contribute a considerable amount to GDP. Forests have also been cleared for agriculture, particularly during the 1970s and 1980s when high incomes could be earned from cash crops such as coffee, cotton and sugar.⁵⁰ Local communities often suffer most from forest degradation as they lose vital sources of firewood, construction materials, clothing, pharmaceutical products, food, hunting accessories, cultural and religious apparatus and grazing land for animals. In addition, the region loses key carbon sinks that can contribute to mitigating the challenge posed by global climate change.

3.1.3.4 Coastal Zones and Marine Resources

The coastline and marine waters off the coast of West Africa include rich and diverse ecosystems. They also provide essential resources for the region. An estimated half million people living in Mauritania, Guinea Bissau and Senegal rely on fisheries for their income and their food supply.⁵¹ In addition to fisheries, there are abundant oil and gas reserves off the West African coast, particularly in the Niger Delta. Economic opportunities also exist as a result of mineral deposits, sand, gravel and limestone and opportunities for shipping and tourism.

Population pressures have contributed to substantial resource degradation in the coastal zones of Western Africa. The coastal region of Western Africa already includes major

⁴⁸ Benneh, G. 1990. Towards sustainable development: An African perspective. *Geografisk Tidsskrift*, 90.

⁴⁹ UNEP 2002.

⁵⁰ UNEP 2002, FAO 2001.

⁵¹ IPS 2001, UNEP 2002.

population centres, and the coastal population is likely to rise to about 20 million by 2020, through growth of existing coastal populations and migration from inland areas.⁵² In Ghana 35 per cent of the population live on the coast, and 60 per cent of industry is concentrated in the Accra-Tema metropolis. In Nigeria, about 20 million peoples (22.6 per cent of the country's population live along the coastal zone, and 13 million people live in the coastal capital of Lagos which is also the centre for 85 per cent of the country's industrial activity.⁵³ The coastal region of Dakar (Senegal) is home to about 4.5 million people (66.6 per cent of Senegal's population) and 90 per cent of the country's industries.⁵⁴

Industries that are located on the coastlines include, *inter alia*, fisheries (artisanal, industrial and aquiculture), mining and oil exploration, oil refinery, petrochemical, fertilizer, liquefied natural gas, iron and steel, and aluminium smelting. Other uses of the coastal regions include agricultural land for food crops such as yam, cassava, plantain, maize and rice, as well as cash crops including palm oil and rubber. The coastal areas are also used to support the tourism industry, and transportation (shipping).

The stress brought about by the increasing demand for resources, compounded by industrial and urban development and their associated pollution loads has led to increasing stress along the coastlines of West Africa, including: erosion, degradation of the coastline, combined utilisation of the coastal resources contributes to growing environmental problems including: land degradation, erosion and flooding, fisheries depletion, deforestation, biodiversity loss, introduction of exotic species, oil pollution, gas flaring and solid waste pollution.

The potential for further degradation of coastlines and further depletion of marine resources will be influenced by population pressures including the continued steady migration of people towards, the coast. Urbanisation, and to the extent that agricultural activities expand in coastal region, increased agricultural plantations, could apply continued pressure on coastal rain forests to (what remains is decreasing at an annual rate of between 2 and 6 percent).⁵⁵ In addition, chemical residues, fertilizers and soil washed from the surrounding cultivated areas can cause eutrophication in coastal wetlands.

Industrialisation related to increased economic activity could also accelerate deterioration of coastal zones. At present, main sources of industrial pollution (the discharge of untreated effluents from industrial operations) in coastal zones in Western Africa include breweries, textile industries, tanneries, aluminium smelting, petroleum processing and edible oil manufacturing (palm oil). This could increase and expand to other sectors with rising economic pressures to expand industrial pollution along the coastlines.⁵⁶

Activities that involve the extraction of natural resources along the coastline also threaten the health of coastal and marine ecosystems. This includes mining of sand and gravel from estuaries, beaches and directly from the continental shelf, which contributes to coastal erosion and shoreline retreat. It also includes offshore mining and oil drilling activities mainly because of leaking pipes, accidents, ballast water discharges and production-water discharges. Drilling also involves the use of heavy metals. Oil exploration and industrial effluents are also primary sources of land-based marine pollution in Western Africa. There

⁵² UNEP 2002.

⁵³ UNCHS 2001, Chidi Ibe 1996.

⁵⁴ IPCC 1998.

⁵⁵ World Bank 1996.

⁵⁶ Akpabli 2000, UNEP 2002.

is also the ongoing risk of an irreversible depletion of fish stocks resulting from over-fishing in territorial waters.

There are also threats to the coastal regions brought about by processes that accompany any increasing industrial and agricultural activity as a result of liberalization. This includes the construction of large scale infrastructure projects (including dams inland and ports and harbours along the coastlines) that contribute to coastal erosion. It also includes dangers posed by increasing marine transportation.

Shipping contributes to the pollution of coastal waters and marine waters and facilitates the introduction of damaging invasive species. According to the government of Nigeria, oil exploration, shipping, crude oil marine tankers, dumping of industrial effluents and fishing with explosive substances and poisonous matter are the primary sources of sea-based pollution.⁵⁷ In shipping ports, where the trans-shipment of oil takes place, the chronic release of oil into the water through ship leakage, ship maintenance is a problem. As world oil demand increases, oil-producing countries in the sub-Saharan Africa are increasing the production and export capacity, leading to an increasing volume of oil being shipped through pipelines and via tankers. In addition, as shipping lanes become more congested, the chances of spills and accidents increase, putting the environment at greater risk.

⁵⁷ Government of Nigeria 2000.

Priority Sustainability Issues for Western Africa		
Economic	Social	Environmental
<p>Geographic Disparities</p> <ul style="list-style-type: none"> Regional economy dominated by Nigeria and WEAMU(UEMOA) that structure as counterweight to Nigeria inside ECOWAS. Sahelian (mainly land-locked), poor and non-diversified countries strongly dependant on weather conditions. Non-Sahelian countries (mainly in Guinea Gulf) countries, more developed, with favourable climatic conditions and sea access. Only three non-LDC countries : Nigeria, Ghana and Ivory Coast <p>Concentration of Economic Centers</p> <ul style="list-style-type: none"> Strong urban development in the coastal ‘belt’ (Guinea Gulf) and (less importantly) in the soudano-sahelian ‘belt’, concentrating employment potentialities. Development of cross-border inter-urban network leading to a concentration of economic centres. Development of (still expensive) transit industry between the agriculture zone and the coastal belt. Unequal potentialities between market-connected/disconnected agriculture zones. Strong dependancies of several countries to Nigeria (Mali and Togo as ‘warehouses’) hampering industrial development of some others countries. <p>Weak Economic Diversity</p> <ul style="list-style-type: none"> Primary reliance on agriculture in the land-lock and poorest costal countries. Small farms and difficulties of industrialisation Potentialities for diversification in fruits and vegetables in most countries. Weak development of industry, mainly linked to 	<p>Population</p> <ul style="list-style-type: none"> Large population increase Very young population Prospect of fewer “dependants” in coming years leading to potential for increased savings and potential vast workforce in coming years to support development. Potential development of an emerging entrepreneurial middle-class. <p>Migration and Urbanisation</p> <ul style="list-style-type: none"> Large-scale migration from rural areas to urban areas : urban concentration is expected to increase in the next 10 years. Rapid, unplanned urbanisation, lack of infrastructure and development of urban slums. Increased job demands from rural migrants (previously agricultural workers) and prospect of increase in “informal” urban economy. Risks of social/ethnic tension, particularly in urban areas. Loss of population in rural areas and remaining rural populatinos increasingly concentrated around urban centres. Increasing stress on food supply Potential exclusion of a substantial segment of the younger population due to the crisis of urban model of social mobility for rural youth. Potential conflicts may arise over land and other resources due to exhaustion of the traditional model of agricultural development, “ethnisation” of land relations and 	<p>Land: Desertification and Degradation</p> <ul style="list-style-type: none"> Desertificatoin, soil fertility and erosion, serious problem in many parts of the region. Affects productivity and ultimately food security. Any developments in agriculture wil impact land (positively or negatively). Aggravated by unsustainable farming practices, overgrazing, deforestation. Potential for negative impacts through intensive agricluture (in sectors such as cotton, for example) Designing of sustainable farming systems, adopting integrated and comprehensive approaches. Loss of small producers and rural populatoins through migraton can in some cases aggravate desertification, in other cases restor land to its natural vegetative state. Developments of transportaton networks to facilitate the movement of goods will impact land <p>Urban Air Pollution</p> <ul style="list-style-type: none"> Industrual activity, located in or around urban centres, will contribute to air pollution as main energy source, fossil fuels. Aggravated by use of “dirty” fuels and old vehicles, in increasing numbers due to high levels of urbanisation and supply. Developments of transportaton networks to facilitate the movement of goods will impact air quality. <p>Biodiversity</p> <ul style="list-style-type: none"> Huge wealth of biodiversity, habitats and species of flora and fauna (in particular forest ecosystems). Threats to biodiversity include population pressure

Priority Sustainability Issues for Western Africa		
Economic	Social	Environmental
<p>mining and fossil fuel extraction (Guinea, Sierra Leone, Nigeria).</p> <ul style="list-style-type: none"> • Distressed import substitution in most countries. • Important development of services, mainly based on commerce (Togo, Guinea, Cape Verde, Senegal) and secondly in transport (Cape Verde, Senegal, Gambia). • Important economic development potential in the South of the Atlantic coast (mining, fossil fuels). • Particular vulnerability of poorest countries to liberalisation and external shock : lack of diversification possibilities and industrial infrastructure. <p>Importance of the informal economy</p> <ul style="list-style-type: none"> • Economic importance of informal, cross-border trade. • Primarily social role of informal economy stabilising huge migration flows. • Structuring (but limited) role informal economy on regional integration. • Informal economy as the main growing sector in terms of population employment. <p>Weak business environment</p> <ul style="list-style-type: none"> • Inefficient financial services. • Unreliable judicial system but improving in WAEMU countries. • Poor transport and communication infrastructure (parallel North/South corridor rather than horizontal intra-zone transportation infrastructure). • Insufficient training capacities. 	<p>reduction of urban mobility potential for youth.</p> <p>Poverty</p> <ul style="list-style-type: none"> ▪ Low HDI rankings, all countries classified as “low” with the exception of Cape Verde and Ghana that are classified as “medium”. ▪ 70.8% of population in Western Africa live on less than \$2 per day. ▪ Poverty is worst in land-locked countries (Mali, Niger, Burkina Faso). ▪ Poverty is least in countries along the Atlantic coast. ▪ Poverty levels stable in population that participate in the “modern” economy, less so for the “informal” economy. • Disequilibrium between market-connected/disconnected agriculture zones. • Potential social problems due to the unequal sharing of economic gains. <p>Health</p> <ul style="list-style-type: none"> • AIDS development mainly in the young/active urban population. <p>Gender</p> <ul style="list-style-type: none"> • Very low GDI rankings for countries in the region (with the exception of Cape Verde which ranks average among developing countries). • Worst ranking in land locked countries (Mali, Burkina Faso, Niger).. 	<p>on habitats as land converted for urban development and agricultural production expands to produce more food.</p> <ul style="list-style-type: none"> ▪ Overharvesting of plants and animals as a result of increasing consumption. ▪ Trade in endangered species, and inadequate enforcement of CITES. ▪ Introduction of alien invasive species can be encouraged by trade. ▪ Industrial pollution threatens biodiversity in coastal areas and other wetlands. ▪ Deforestation (loss of forest resources, and loss of important habitat for biodiversity) is a major problem in some countries due to exports of unprocessed wood, clearance of land for agriculture and collection of firewood for fuel. <p>Coastal Zones and Marine Resources</p> <ul style="list-style-type: none"> ▪ Coastal and marine areas provide a wealth of natural resources (<i>inter alia</i>, agriculture, fisheries, oil and gas exploration, mining, tourism). ▪ Degradation of coastal zones occurs as a result of increased population pressures and urbanisation in coastal cities. ▪ Concentration of industry in coastal regions leads to industrial pollution from, <i>inter alia</i>, breweries, textile industry, tanneries, aluminum smelting, petroleum processing and edible oil manufacturing. ▪ Infrastructure projects inland (dams) and along the coastline (ports and harbours) contribute to coastal erosion. <p>Increasing transportation (shipping) can cause marine pollution through, <i>inter alia</i>, release of oil, cleaning ballasts etc.</p>

3.2 Major Trade Flows

The EU is a major trading partner for West African countries and is the main destination for exports, and the main provider of industrial products.⁵⁸ From a trade perspective, intra-regional trade is important for Western Africa, and the dominant influence on trade in the region is Nigeria.

3.2.1 Inter-regional trade

Nigeria is a major regional partner for other West African countries. Nigeria has 60% of West Africa's consumers, 47% of GDP, more than 50% of the manufacturing potential of the region. If trade with Sub-Saharan Africa only represents a tiny proportion of Nigerian foreign trade (from 2.5% to 6%), ECOWAS's share in Nigeria's trade with Africa varies between 66% and 78% in recent years. This trade is unbalanced and largely in surplus for Nigeria.⁵⁹ Official statistics tend to show that in the ECOWAS, Nigeria is mainly trading with Ghana, Ivory Coast and Senegal, the economically most advanced countries in the region. Nigerian petroleum products represent 99% of official sales to Ivory Coast and 80% of those of Ghana. Over 75% of exports to Nigeria from Ivory Coast are refined petroleum products⁶⁰. Nigerian imports from Ghana are cola nuts, aluminium products salt, textiles, and dried fish but also refined petroleum products.

Behind official trade, informal trade with neighbouring countries include a wide range of goods made locally or imported from the EU or Asia. This trade has its own form of organization.⁶¹ The main informal trade flows are concentrated between the sub-regional economic 'leaders' (Nigeria, Côte d'Ivoire, Sénégal) and their direct neighbours (this will be developed below for each of these sub-regional area). The volume of informal trade is difficult to assess but reliable observers consider that informal imports by Nigeria's neighbours (Benin, Cameroon, Chad, and Niger) add up to over US\$1 billion/year.⁶² Adding long distance trade to other countries (Burkina Faso, Ivory Coast, Ghana, Mali and Togo) the total estimate value of informal exports to West Africa from Nigeria range from US\$1.5 billion to US\$1.9 billion. Particular attention should be paid to foodstuffs; Nigeria now supplies its neighbours with grains, the largest consumers being Niger and Chad.⁶³

⁵⁸ Intra-regional trade accounts for 10.2% of total exports from ECOWAS. Intra-RTA trade is a major indicator of the progress towards regional integration and the prospects for its future deepening. SADC is the region within Africa where intra-RTA trade is the most important. SADC alone represents nearly one third of the total intra-RTA exports, with ECOWAS as second. SADC and ECOWAS countries trade more with other RTAs than with the member countries of their own RTA.

⁵⁹ Two reasons: (1) Nigeria is the only regional supplier of crude oil and (2) the loss of competitiveness of the sub region's products in the Nigerian market.

⁶⁰ Inter alia, the main reasons of this situation are that the similarity between the two countries' manufactured goods does not favour complementary trade and payments procedures are long and difficult.

⁶¹ It starts from the main Nigerian cities (Kano for Niger, Maiduguri for Northern Cameroon and Chad, Calabar for Southern Cameroon and Lagos for Benin and other countries).

⁶² LARES in Cotonou

⁶³ The volume of maize and millet exported to Niger alone varies from 100,000 to 200,000 tons/year.

Nigerian imports from ECOWAS are led by livestock, followed by vegetable oil from Ivory Coast, and “fancy” textiles from Ghana and Ivory Coast. But imports are mainly re-exports. Benin⁶⁴ and Cameroon act as “warehouse state” for products that are either banned or highly taxed in Nigeria such as second-hand and retreated tires, second-hand clothes, textiles and garments, and used cars.

If imported products from Nigeria enable low-income populations to acquire fuel, manufactured products, and food, this trade has a destructive effect on the economies of neighbouring countries leading to lost revenues and added competition to their locally manufactured products.

Nigeria contributes to a significant part of intra-regional exports, but the main volume of its trade is with third countries. It is the major trading nation in the region and the most autonomous. Cote d’Ivoire is the second biggest exporter in the region, but also an important intraregional exporter. Togo and Cote d’Ivoire have relatively high comparative advantage. Niger and Guinea Bissau have low comparative advantage. Ivory Coast has a particular advantage in the field of crops and vegetables, Togo in minerals and mineral products. Most UEMOA countries are specialised in vegetables, fruits and nuts as well as vegetable oils and fats. Cape Verde, Ghana, Ivory Coast, Mauritania, Guinea Bissau, Senegal, Sierra Leone and Togo are specialised in food; Benin, Gambia, Ivory Coast, Mali, Senegal, Togo, Burkina Faso in vegetable oils; Benin, Gambia, Ghana, Ivory Coast, Mali, Niger, Senegal in fruit and vegetables; Gambia, Ghana, Ivory Coast, Mauritania, Senegal, Sierra Leone, Togo, in the mineral sector.

The others important countries in terms of intra-regional trade are Côte d’Ivoire (reduced since 1999), Ghana and Senegal. ECOWAS intra-regional trade is also distorted by the currencies differences between the WEAMU countries that used F CFA (strictly pegged to the Euro) and non-WEAMU members (mainly Nigeria and Ghana) that use floating national currencies often under evaluated - like the naira in Nigeria – therefore using the monetary policy to sustain their trade sector, in particular towards WEAMU countries. The current high level of the euro/dollar parity further worsens the monetary disadvantage of WEAMU countries.

3.2.2 Exports from Western Africa to the EU

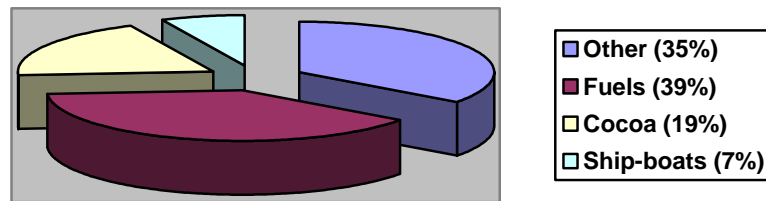
Exports from Western Africa to the EU are not diversified. Major exports to the EU are based on primary products, and are therefore vulnerable to global commodity products and internal shocks. Exports tend to include very little valued-added for the local economy.

Of the main products traded, three of the top four exports can be attributed to individual countries in the region. Petroleum oils and petroleum gas together make up just under 39% of all exports from the region to the EU. These sectors are likely to be very slightly (or not at all) impacted by EPA, their prices being based on world prices. This is virtually exclusively due to exports from Nigeria. In addition, by value, “ships” rank as the third most important export from the region. This is due exclusively to Liberia’s status as an open-registry country.

⁶⁴ Over 75% of the goods landed at Cotonou harbour are estimated to be headed for Nigeria for a value of over \$ 10 billion/year

Cocoa, which is the second most important product exported from Western Africa to the EU, is one that is important for a number of the countries in the region, Cote d'Ivoire is the largest producer in the region and in the world but cocoa is also exported by Ghana and Nigeria. Cocoa is exported primarily in its raw form, and is therefore highly dependant of world price fluctuations, although there is some capacity for preliminary processing in some countries. In particular, the industrial base exists to process it into cocoa paste, a very rudimentary level of processing, and to a lesser extent, into cocoa butter, fat and oil. In countries such as the Ivory Coast where this capacity exists, it would be relatively easy to add value to the raw beans domestically.

Figure 3. Main products exported from Western Africa to the EU



Source: Comext 2002 EU declarations, European Commission, DG Trade. External Trade – 2002.

The wood sector figures prominently in Western African exports to the EU. Wood is exported in its rough form from some countries such as Nigeria, and is subject to very limited processing – being sawn and cut lengthwise – in Nigeria and other countries in the region. The value added by simply engaging in this preliminary stage of processing doubles the value of the export for the countries of Western Africa.

Fish and fish products are also significant exports from Western Africa to the EU. This includes frozen fish, fillets, molluscs and crustaceans. There is some processing capacity in the region, particularly recently in countries such as Mauritania with very rich resources, to process fish products into high-value prepared meals for export to the EU and the United States. Exports of fish and fish products are the most important exports for Senegal. They are also significant in the Ivory Coast and Ghana, both countries with relatively well developed industrial capacity to process fish (including tuna). Shrimps are a very important export product for countries as it is a very high value product. It is critical for Benin, for example.

Apart from cocoa, there are a number of other agricultural products that are important exports for the countries of Western Africa. Specific fruits and vegetables are important exports for particular countries. For example, pineapples is a major crop for both Ghana and the Ivory Coast, two of the countries in the region which are not classified as LDCs. Pineapples are exported in their raw form, but the capacity exists to add further value domestically through some preliminary processing, which does not currently occur. Bananas figure relatively prominently in the exports from the Ivory Coast to the EU. Bananas are not exported in any significant quantities from other Western African Countries. Given the Ivory Coast's status as a non-LDC, the possibility exists that in that particular country; there may be some impacts from the removal of the Banana Protocol under the Lomé system of preferences as the domestic industry is not competitive.

In addition, cotton is a key export from Western Africa. Typically it is exported in its raw state (neither combed nor carded). There is no viable processing industry for cotton in the region and there is increasing competition emerging by producers in Pakistan, India and China. While it exports raw cotton to the EU, one of the key imports for many of the countries in the region is used clothing, and to some extent, cotton fabric.

Western Africa the least diversified region of the ACP. This is due mainly to the mono-product export structure of Nigeria, the major economy in the region. Ivory Coast, Senegal and Sierra Leone are the most diversified.

Table 8. Major Exports from Western Africa to the EU, 2002

Product group	Value ('000 €)	Volume (t)	% of total exports
2709. Petroleum oils	3,910,064	20,006,088	34.6
1801. Cocoa Beans	1,607,523	919,705	14.2
8901. Cruise ships, excursion boats, ferry boats etc.	768,776	398,705	6.8
2711. Petroleum gas and other gaseous hydrocarbons	411,313	1,627,258	3.6
4407. Wood sawn or cut lengthwise	263,944	351,159	2.3
2606. Aluminum ores and concentrates	255,949	8,492,277	2.3
1604. Prepared or preserved fish	247,897	90,147	2.2
2601. Iron ores and concentrates	243,156	9,982,284	2.1
1803. Cocoa paste	243,023	117,177	2.1
7102. Diamonds	238,372	0	2.1
7108. Gold	220,559	24	1.9
8802. Powered aircraft (helicopters and airplanes)	212,051	330	1.9
1804. Cocoa butter, fat and oil	175,582	62,243	1.6
0804. Dates, Figs, Pineapples...	166,266	211,648	1.5
7601. Aluminum, not alloyed	159,485	100,701	1.4
0307. Molluscs	153,181	40,400	1.4
4001. Natural rubber etc.	120,386	159,275	1.1
0803. Bananas, incl. plantains, fresh or dried	120,054	214,403	1.1
0306. Crustaceans	118,788	18,609	1.1
2701. Petroleum oils	106,282	609,510	0.9
5201. Cotton, neither carded nor combed	103,835	92,879	0.9

Source: Comext 2002. European Commission, DG Trade.

Table 9. Major Exports (> or = 5% share in total country exports) from Western Africa to the EU, 2002

Country	Product group	Value ('000 €)	Volume (tons)	Share in total country export (%)
Benin	4106. Goat or kidskin leather	13,985	1,440	24.1
	5201. Cotton, neither carded nor combed	12,149	10,560	20.9
	2844. Radioactive chemical elements	6,332	0	10.9

Table 9. Major Exports (> or = 5% share in total country exports) from Western Africa to the EU, 2002

Country	Product group	Value ('000 €)	Volume (tons)	Share in total country export (%)
	1207. Other oilseeds and oleaginous fruits	4,875	28,222	8.4
	2306. Oil-cake and other solid residues	4,280	29,843	7.4
	4105. Sheep or lambskin leather	4,226	355	7.3
	0306. Crustaceans			6.2
Burkina Faso	5201. Cotton, neither carded nor combed	21,952	19,715	41.7
	4106. Goat or Kidskin leather	6,127	851	11.6
	4105. Sheep or lambskin leather	4,735	506	9.0
	1701. Cane or beet sugar	3,691	7,131	7.0
	0708. Leguminous vegetables	3,006	1,330	5.7
	1207. Other oil seeds and oleaginous fruits	2,886	10,761	5.5
	5205. Cotton, yarn other than sewing thread	2,637	1,376	5.0
Cape Verde	2710. Petroleum oils	5,309	20,693	22.1
	8802. Powered aircraft	4,500	12	18.7
	6406. Parts of footwear	4,012	71	16.7
	8411. Turbo-jets, propeller and other gas turbines	3,166	3	13.2
	6107. Men's or boys' underpants etc.	1,515	75	6.3
	6205. Men's or boys' shirts	1,321	45	5.5
Gambia	1508. Ground nut oil	10,588	14,629	44.3
	2305. Oil-cake another solid residues	2,497	16,405	10.4
	1202. Ground nuts	2,048	4,505	8.6
	0304. Fish fillets and other fish meat	1,421	247	5.9
	0708. Leguminous vegetables	1,319	770	5.5
Ghana	1801. Cocoa Beans	356,635	199,690	32.0
	7601. Aluminum	159,367	100,609	14.3
	7108. Gold	149,240	16	13.4
	4407. Wood Sawn	69,855	89,559	6.3
	1604. Prepared or preserved fish.	68,951	25,651	6.2
Guinea	2606. Aluminum Ores and concentrates	250,000	8,354,768	52.5
	7102. Diamonds	95,501	0	20.1
	7108. Gold	36,901	5	7.8
	2818. Corundum, artificial	33,009	167,174	6.9
Guinea-Bissau	5201. Cotton, neither carded nor combed	2,740	2,392	36.4

Table 9. Major Exports (> or = 5% share in total country exports) from Western Africa to the EU, 2002

Country	Product group	Value ('000 €)	Volume (tons)	Share in total country export (%)
Bissau	0307. Molluscs	1,778	732	23.6
	0303. Frozen fish (excl. fillets etc.).	1,132	685	15.1
	0306. Crustaceans	648	141	8.6
	4403. Wood in the rough	520	2,035	6.9
Ivory Coast	1801. Cocoa Beans	961,376	547,891	37.0
	1803. Cocoa Paste	225,571	102,071	8.7
	4407. Wood Sawn	176,330	230,946	6.8
	1604. Prepared or preserved fish	156,321	58,877	6.0
	8802. Powered Aircraft	152,490	252	5.9
	1804. Cocoa butter	129,069	43,609	5.0
Liberia	8901. Cruise ships, excursions boats, ferry boats...	768,776	398,752	88.1
	4403. Wood in the rough	62,517	216,062	7.2
Mali	5201. Cotton, neither carded nor combed	40,595	36,179	61.7
Mauritania	2601. Iron ores and concentrates	243,156	9,982,284	65.3
	0307. Molluscs	61,852	15,833	16.6
	0302. Fish, Fresh or chilled (excl. fillets...)	20,379	5,152	5.5
	0303. Frozen fish (excl. fish fillets).	19,886	10,366	5.3
Niger	2844. Radioactive chemical elements	61,029	2,572	73.5
	2711. Petroleum Gas	11,023	61,303	13.3
Nigeria	2709. Petroleum Oils	3,836,371	19,618,330	76.7
	2711. Petroleum gas	399,525	1,563,337	8.0
	1801. Cocoa Beans	269,269	158,768	5.4
Senegal	0307. Molluscs	70,636	17,231	17.4
	1505. Ground-nut oil	62,246	84,961	15.3
	0302. Fish, Fresh or Chilled	43,064	6,312	10.6
	0304. Fish Fillets and other fish meat	40,869	7,151	10.1
	0306. Crustaceans	33,588	5,906	8.3
	1604. Prepared or preserved fish	22,509	8,578	5.5
Sierra Leone	7102. Diamonds	44,969	0	52.5
	1801. Cocoa Beans	4,270	2,566	5.0
Togo	1801. Cocoa Beans	11,966	7,623	17.6
	1207. Other oil seeds and oleaginous fruits	9,504	56,332	14.0
	0303. Frozen fish (excl. fish fillets)	8,522	4,590	12.5

Table 9. Major Exports (> or = 5% share in total country exports) from Western Africa to the EU, 2002

Country	Product group	Value ('000 €)	Volume (tons)	Share in total country export (%)
	2510. Natural Calcium phosphates	5,076	85,900	7.5
	0901. Coffee, whether or not roasted	3,594	4,371	5.3
	5201. Cotton, neither carded nor combed.	3,489	3,270	5.1

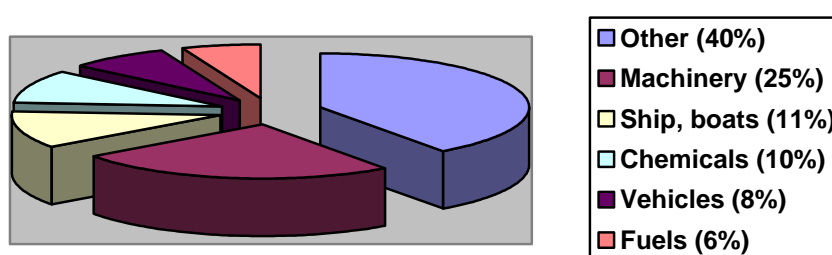
Source: Comext, 2002. European Commission, DG. Trade. *External Trade—2002*.

3.2.3 Exports from the EU to Western Africa

The EU exports a wide range of goods into the countries of Western Africa. There is no one product that represents over 10% of imports from the EU. The export of ships and boats, which makes up the largest single item exported from the EU to the region reflects the role of Liberia as a flag of convenience location, and does not reflect a “real” flow of traded goods.

Vehicles also make up a large portion of the exports from the EU to Western Africa. Motor vehicles for personal use represent a trade, from Europe, in second-hand cars to the region. It is a significant inflow for many of the countries in Western Africa. Similarly, inflows of “powered aircraft” represents the import of used airplanes and helicopters into the region.

Figure 4. Main products exported from the EU to Western Africa



Source: Comext 2002 EU declarations. European Commission, DG Trade. *External Trade – 2002*.

Four per cent of the exports from the EU to Western Africa is comprised of medicines, and is important for virtually all countries in the region. This reflects the fact that there is no viable domestic producer of generic medicines in the region for the moment.

Similarly, milk and cream make up significant exports from the EU to Western Africa, which does not have a viable dairy industry. Other agricultural products of note that are exported by the EU include prepared or preserved tomatoes (which is essentially tomato ketchup); wheat and muslin (replacing cereals grown domestically) which are necessary to make bread, which is becoming more common in the cities in response to consumer demand, but having a negative impact on producers of traditional cereals such as millet; meat of fowls (essentially chickens). The latter two products compete with domestic production, but as a result of agricultural policies in the EU, can be produced more competitively in Europe.

Table 10. Major Imports to Western Africa from the EU, 2002

Product group	Value ('000 €)	Volume (t)	% of total imports
8901. Cruise chips, excursion boats, ferry-boats etc.	1,275,254	630,951	9.6
2710. Petroleum oils	687,763	2,806,123	5.2
8703. Motor cars and other motor vehicles	556,536	197,934	4.2
3004. Medicaments	535,504	22,886	4.0
8471. Automatic data processing machines	274,824	5,360	2.1
0402. Milk and cream	257,050	134,463	1.9
2402. Cigars and cigarettes	215,093	20,610	1.6
0303. Frozen fish (excl. fish fillets)...	206,730	363,739	1.6
8502. Electronic generating sets and rotary converters	179,927	15,952	1.4
8704. Motor vehicles for the transport of goods	173,980	162,959	1.3
8517. Electrical apparatus for line telephony.	171,761	1,257	1.3
8431. Machinery parts	151,623	23,235	1.1
8525. Transmission apparatus for telephony	150,191	987	1.1
8708. Parts and accessories for tractors, motor vehicles etc.	147,128	44,237	1.1
1901. Malt extract, food preparations of flour, meal...	143,914	93,251	1.1
1001. Wheat and meslin	136,970	983,230	1.0
8802. Powered aircraft (helicopters and airplanes)	133,681	426	1.0
8536. Electrical apparatus	131,627	4,673	1.0
2002. Tomatoes, prepared or preserved	118,778	131,962	0.9
7304. Tubes, pipes and hollow profiles	118,189	136,285	0.9
0207. Meat and edible offal of fowls	117,952	141,169	0.9
5208. Woven fabrics of cotton, containing >= 85% cotton.	117,233	5,158	0.9

Table 11. Major Imports ($\geq 3\%$ share in total country imports) to West African countries from the EU, 2002

Country	Product group	Value (€)	Volume (t)	Share in total country import (%)
Benin	0207. Meat and Edible offal of fowls (of the species Gallus domesticus, ducks, geese, turkeys and guinea fowls, fresh, chilled or frozen)	64,814	70,874	11.9
	8703. Motor cars and other motor vehicles	61,895	24,678	11.4
	7113. Articles of jewelry	33,181	88	6.1
	2402. Cigars and cigarettes	24,151	2,752	4.4
	5208. Woven fabrics of cotton, containing $\geq 85\%$ cotton	23,348	775	4.3
	2002. Tomatoes, prepared or preserved	22,948	24,917	4.2
	3004. Medicaments	22,441	2,355	4.1
	6309. Worn clothing and accessories	18,280	19,540	3.4
Burkina Faso	8536. Electrical Apparatus	74,336	232	22.4
	3004. Medicaments (mixed or unmixed products for therapeutic or prophylactic uses)	35,215	1,793	10.6
Cape Verde	8703. Motor Cars and other motor vehicles	8,071	1,391	3.3
	8411. Turbo-jets, turbo-propellers and other gas turbines	7,334	5	3.0
Gambia	1507. Soya-bean oil	8,624	14,168	7.2
	2402. Cigars and cigarettes	6,195	352	5.2
	8703. Motor cars and other motor vehicles	5,979	1,928	5.0
	2002. Tomatoes, prepared or preserved	5,865	7,502	4.9
	1101. Wheat or meslin flour	5,754	29,601	4.8
	0402. Milk and cream	5,628	2,581	4.7
Ghana	8502. Electric Generating sets	61,919	2,548	6.1
	8703. Motor cars and other motor vehicles	54,321	16,637	5.4
	2710. Petroleum oils	37,372	155,086	3.7
	4922. Confidential trade of chapter 49	31,010	183	3.1
Guinea	2710. Petroleum oils	53,283	224,878	12.4
	2402. Cigars and cigarettes	45,955	4,958	10.7
	3004. Medicaments (mixed or unmixed products for therapeutic or prophylactic uses)	33,689	793	7.8

Table 11. Major Imports ($\geq 3\%$ share in total country imports) to West African countries from the EU, 2002

Country	Product group	Value (€)	Volume (t)	Share in total country import (%)
Guinea-Bissau	1701. Cane or beet sugar	15,866	66,681	3.7
	8703. Motor cars and other motor vehicles	2,616	719	6.5
	1101. Wheat or meslin flour	2,079	9,641	5.2
	2204. Wine of fresh grapes...	1,879	4,313	4.7
	2203. Beer made from malt	1,839	3,482	4.6
	1507. Soya-bean oil	1,621	2,653	4.0
	2202. Waters including mineral waters	1,268	2,708	3.2
	8704. Motor vehicles for the transport of goods	1,227	1,085	3.0
Ivory Coast	3004. Medicaments (mixed or unmixed products for therapeutic or prophylactic uses)	84,377	4,829	6.8
	0303. Frozen fish (excl. fillets)	76,189	105,164	6.1
	2710. Petroleum oils	53,415	210,260	4.3
	8703. Motor cars and other motor vehicles	49,791	9,060	4.0
	1001. Wheat and meslin	42,644	280,969	3.4
	2402. Cigars, cigarettes...	15,435	965	4.1
Liberia	8901. Cruise ships, excursion boats, ferry-boats...	1,261,588	623,490	92.6
Mauritania	2710. Petroleum oils	23,164	73,322	5.9
	1507. Soya-bean oil	21,356	32,672	5.5
	2402. Cigars and cigarettes	15,239	2,585	3.9
	1701. Cane or beet sugar	12,453	51,972	3.2
Niger	8703. Motor cars and other motor vehicles	57,208	50,391	28.1
	2402. Cigars and cigarettes	12,666	2,276	6.2
	8431. Machinery parts	7,249	407	3.6
	5208. Woven fabrics of cotton, containing $\geq 85\%$ cotton	6,704	233	3.3
	6309. Worn clothing and accessories	6,268	6,675	3.1
	0402. Milk and cream	6,184	3,371	3.0
Nigeria	2710. Petroleum oils	980,798	251,613	4.9
	8703. Motor Cars and other motor vehicles	43,431	192,148	3.8
	8471. Automatic data processing machines	2,636	176,595	3.4
	3004. Medicaments (mixed or unmixed products for therapeutic or prophylactic uses)	3,138	173,225	3.4
Senegal	2710. Petroleum oils	158,836	708,535	13.6

Table 11. Major Imports ($\geq 3\%$ share in total country imports) to West African countries from the EU, 2002

Country	Product group	Value (€)	Volume (t)	Share in total country import (%)
	3004. Medicaments (mixed or unmixed products for therapeutic or prophylactic uses)	70,775	4,334	6.1
	8703. Motor cars and other motor vehicles	39,131	16,358	3.3
	1001. Wheat and meslin	38,131	252,392	3.3
	1901. Malt Extract, food preparations of flour, meal...	37,392	22,412	3.2
Sierra Leone	8703. Motor cars and other motor vehicles	15,306	4,242	5.1
Togo	2710. Petroleum oils	83,999	360,905	19.9
	3004. Medicaments (mixed or unmixed products for therapeutic or prophylactic uses)	32,893	2,216	7.8
	8703. Motor Cars and other motor vehicles	32,426	17,937	7.7
	6309. Worn Clothing and accessories	23,939	24,133	5.7
	5208. Woven Fabrics of Cotton containing $\geq 85\%$ cotton	20,016	677	4.7
	8802. Powered aircraft	13,650	39	3.2
	2002. Tomatoes, prepared or preserved	13,430	15,263	3.2

Source: Comext 2002. European Commission, DG Trade. External Trade 2002.

3.3 Priority Geographic Clusters

Western Africa is a heterogeneous group of 19 countries, with 220 millions habitants (in 1998), 64% of them concentrated in three countries (Ivory Coast, Nigeria and Ghana) which also account for around 67% of the economy. Within the region, these three countries could be considered together as they are the only three non-LDCs in this country grouping. As such, they do not benefit from the “Everything but Arms” initiative which, as of March 2001, allows LDC imports to enter the EU without any tariffs or restrictions.⁶⁵

Sub-regional approach of Western Africa is necessary to clearly understand the dynamics and evolution of regional both official and informal transborder trades. Several approaches could enlight these dynamics:

- Western Africa could be further ‘divided’ into three main groups of countries, sharing some important economic, social and geographic features, facing common challenges and therefore, whose development would be closely interlinked (with both positive and negative potential spillover effects): the Guinea Gulf countries, the Great Land Lock countries and the Atlantic Façade countries groups ;
- Independently of the official and national borders, two main zones of development could be isolated in West Africa : the coastal belt, at the earth of the Guinea Gulf group and the soudano-sahelian corridor, main agricultural zone, which is the connecting area between the Guinea Gulf countries and the Great Land lock ones.
- Finally, West Africa economic activity is structured around three economic ‘poles’: Nigeria and its neighbours of Guinea Gulf area and the Senegal and its neighbours ; and the triangle Côte d’Ivoire-Mali-Burkina-Faso at the heart of the soudano-sahelian corridor (the so-called SKBo zone).

The comprehension of the economic and social reality of West Africa requests to take into account these three ‘dimensions’ of the sub-regional approach that deserve to be further developed.

3.3.1 *Three major Western African sub-regional country groupings*

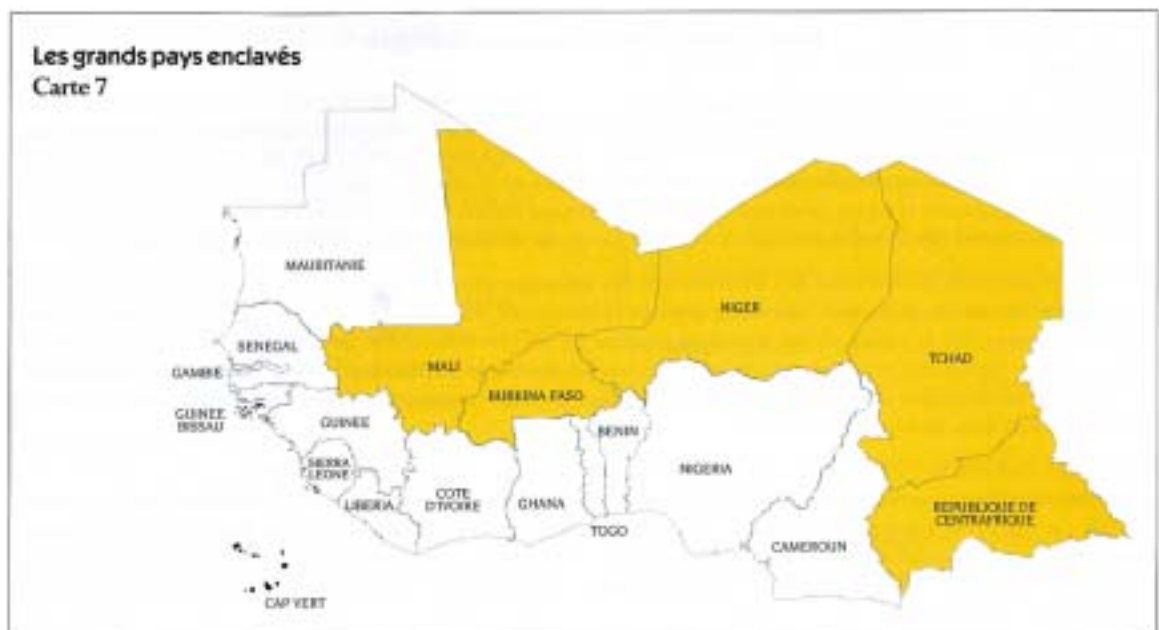
The region can be divided roughly into three main groups sharing the same kind of economic, social and environmental profiles and facing the similar challenges:

- The ***coastal group of countries around the Gulf of Guinea*** – Ivory Coast, Ghana, Togo, Benin, Nigeria. This is the “gravity centre” of the regional economy. A majority of the population and the wealth (80% of GDP) is concentrated in this grouping of countries, led by Nigeria, which accounts for over 50 % of the regional GDP. These countries are experiencing important waves of immigration into a fast-growing cross-border network of urban areas.

⁶⁵ Except for Bananas, rice and sugar that will be subject to longer agenda (from 2002 to 2009).



- The *land-locked countries* – Mali, Niger, Burkina-Faso. These countries are predominantly desert. They have little potential for economic development and are particularly exposed to harsh climatic conditions, including drought. The largest groups of the very poor inhabitants of Western Africa live in these countries, predominantly in the rural areas. They are a source of ongoing emigration to countries further south and overseas.



- The *Atlantic countries* have an economy mainly oriented towards overseas market and benefit (relatively) from more international cooperation than the great land-lock countries; their insertion in the regional integration process is more problematic.



The Northern countries in this zone (Mauritania, Senegal, Gambia and Cape Verde) all have limited potential for development in rural areas, and development is based mainly on urban areas, where most of the job creation exists. Therefore, their development will depend on their capacity to diversify into (urban) sectors other than agriculture and also on the amount of international financial transfers they will benefit of (originating from international cooperation, but also household financial transfers from members of the family working abroad, mainly in Europe). This zone is certainly one of the most fragile in the region

The Southern countries (Guinea-Bissau, Guinea, Sierra Leone, and Liberia) benefit from important mining/oil resources and agricultural potential, but their development has been hampered by political instability and conflict.⁶⁶ Provided they find a more peaceful evolution, these countries could have the opportunity to 'link' to the regional gravity centre through Ivory Coast.

3.3.2 *Two main development areas in West Africa*

The in-depth SIA of Western Africa may also consider, as appropriate, corridors where the development of intra-regional trade has been most significant. Two main zones are highlighted as potential areas for focus (see map).⁶⁷

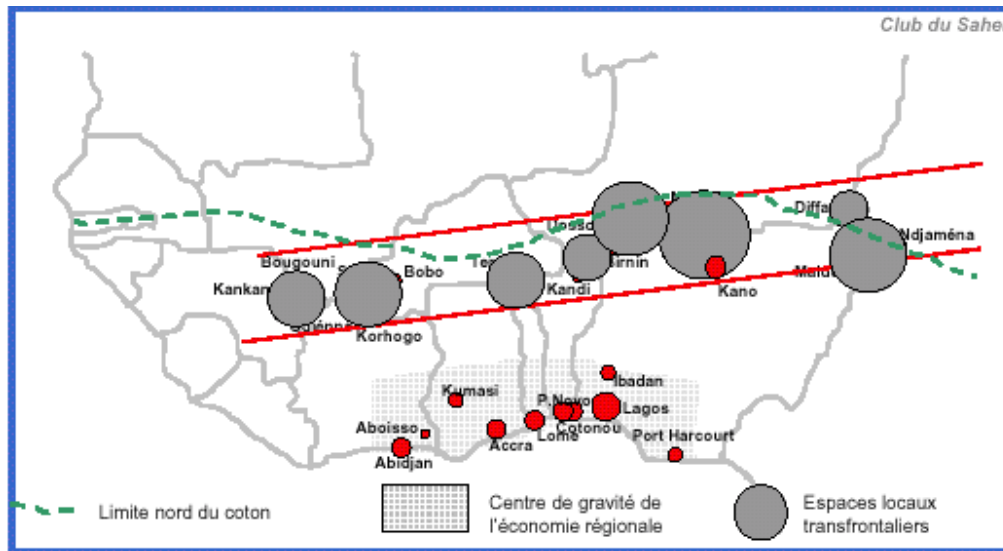
- The first of these zones is the 'costal belt' (300 km wide and 1,500 km long), around the Benin Gulf, between Abidjan (Ivory Coast) and Port Harcourt (Nigeria). More than 40% of the population and 50% of the regional wealth is concentrated in 6% of Western Africa (10% if desert areas excluded). The demographic and migration trends at play in Western Africa will likely enhance this concentration with a projected two-thirds of the regional wealth concentrated in this area by 2020.⁶⁸

⁶⁶ In particular, Liberia and Cape Verde that are closed of a civil war situation similar to what Sierra Leone experienced in the last years.

⁶⁷ OCDE (2001), '*Une expérience d'approche locale de la coopération régionale sur le pays frontière S.K.BO avec une entrée par le coton et les organisations de producteurs ?*', Note du Secrétariat du Club du Sahel, OCDE, Paris.

⁶⁸ According to a linear evolution developed by the WALTPS study of OECD-Club du Sahel; cf. OCDE (1998), o.c.

Figure 5. Economic dynamics in ECOWAS region



Source : OECD-Club du Sahel (2001).

- The second zone is the '*Soudano-sahelian cross-border belt*' which is the heart of agricultural (cotton, cocoa) economy in Western Africa and present the strongest potential for agricultural development aimed at fulfilling the growing needs of the regional market. It is also the second major point of urban development network in Western Africa. This region is on the border between Sahel and coastal countries and, therefore, at the heart of regional trade in goods and migration flows between the land-locked countries and the 'coastal countries' and the world markets. For these reasons, this region can be considered as a potential "counter-weight" (based on regional market development) to the "gravity centre" represented by the coastal belt, whose development is driven by external trade.

These two areas will be important for the future of Western Africa and may have to be more precisely considered, as well as the consequences of their evolution for the remaining part of the region, in particular the land-locked countries in the Sahel which are very poor and have little potential for economic development. The Atlantic countries remain a separate group, with the Northern and Southern countries experiencing different potential

Furthermore, Western African economy is structured around the three regional economic leading countries: Nigeria, Cote d'Ivoire in the Guinea Gulf zone, which development largely condition this of the Great Land Lock countries (Mali, Niger, Burkina Faso) and Senegal, most developed country in the Atlantic Façade, which is closely linked to the neighbouring land lock country, Mali.

3.3.3 Nigeria and its neighbours

On the regional basis, Nigeria is the dominant economy in Western Africa but does not play its hypothetic role of regional economic leader. This could be explained by a specific Nigerian 'free rider strategy' in the regional context that is characterised by erratic economic and trade policies, which do not tend to regional harmonisation but to the preservation of regional comparative advantages. This strategy has for consequences the development of

many *regional trade distortions* that are exploited by *informal transborder trade networks*, particularly active along the Nigeria borders, in particular with Niger, Benin and also Cameroon.

The official Nigeria regional trade is characterised by a *double polarisation*:

- with the *most developed regional economies*: Cote d'Ivoire and Ghana (and also Senegal) : more than 20 % of the volume of goods shipped through Abidjan Port come from Nigeria ; the importance of trade with Côte d'Ivoire illustrates that the economic dynamic can easily override the usual explanation of slow regional integration – different currencies and languages (French/English);
- dominated by *one single product, petroleum*, that represents 99 % of official Nigeria exports (crude petroleum) to Côte d'Ivoire and 80% of Nigeria exports to Ghana ; as well, refined petroleum represents 75 % of Côte d'Ivoire exports to Nigeria, that also imports refined petroleum from Ghana, but to a less extend, along with cola nuts, aluminium products, salt, textile and dried fish.

Apart from petroleum products (crude and refined), the trade flows between Nigeria and the other main economies in ECOWAS are limited, by example, official trade between Nigeria and Côte d'Ivoire amounts to less than 6 billions FCFA. This could be explained by the lack of complementarities between Nigeria, Ghana and Côte d'Ivoire that all produce relatively similar manufactured goods. The strategic document of Nigeria trade policy – *Vision 2010* – plans that at in 2005, crude oil exports would only weight 76.5 % of the total national exports and be lowered to 62 % in 2010, to the benefit of others sectors such as agriculture both primary (5 % in 2005 and 8 % in 2010 against 4 % in 2000) and processed (respectively 8 % and 15 % against 2 % in 2000) and manufacturing (5% and 8 % against 2 % in 2000)⁶⁹. These objectives will be difficult to be reached, in particular due to smuggling with neighbours CFA countries⁷⁰.

The *social dimension of transborder trade* is very important. Transborder trade is managed by *several sub-regional network*, based - but not only – on an ethnic specialisation.

- The *Yoruba*, presents in Nigeria, Benin, Togo, Ghana and also CI, are specialised in retail trade and trade of luxury goods (fabrics / cosmetics)
- The *Hausi-Kanuri*, in Nigeria, Niger, Chad and North Cameroon, dealt principally with cattle and cola and could be considered as the 'lipchin' of the parallel forex market
- The *Ibo* are present all over the region and specialised in international imports and exports mainly on used or counterfeit goods : second hand clothing, vehicles, tyres and spares parts of machinery.

However, it would be an abusive interpretation to analyse the transborder trade only through the lens of ethnics grouping : it is also and mainly *structured* around other lines than ethnics solidarities and benefits from two 'structuring factors'.

First, transborder trade start from the main Nigerian cities : Kano (trade with Niger), Maiduguri (for Northern Cameroon and Chad), Calabar (for Southern Cameroon and Equatorial Guinea) and of course Lagos, main centre for assembling of goods.

⁶⁹ Report of the Vision 2010 Committee, September 2007.

⁷⁰ EIU (2003), *Nigeria : Country Profile 2003*, London.

Secondly, the logistics of this kind of trade rest on important official **warehouses** in all main towns along the border of Nigeria that make trans-border trade less informal : the main remaining illegal aspect of trans-border trade is that customs are paid as *lump-sum payment* that allow to declare only part of the goods crossing the border.

Thirdly, the transborder trade also benefit from the **parallel forex market**, '*de facto institution*' sustaining the networks coordination. Therefore, this parallel forex market is considered as an unavoidable market structure in spite of effort from the authorities to eradicate it (opening of bureaux de change in the country but the main problem remains scarcity of foreign currencies). This forex market is highly structured, with Kano and Lagos being the main gravity centres of transborder networks with more than 50 % of the forex change being handled in these two places) ; it is also highly specialised, the USD (weighting 60 % of the market) being a benchmark for others currencies and mainly traded near the airport (where they parallel forex market could somehow fusion with the official bureaux de change). In Ebutero and also the main others markets in the border areas and some towns in the neighbouring countries, parallel forex market being based near the regional import/export warehouses and trading mainly with F CFA and naira.

If the parallel forex market is positively facilitating the regional trade by exploiting the differences in economic policy between countries, it nevertheless de-structures the national economies, with raising difficulties to monitor monetary policy and the money in circulation and therefore complicating the control over local currency real exchange rate.

3.3.4 Senegal and its neighbours

This area is far less integrated than others parts of the West African region. The main weakness of the sub-regional integration on the Atlantic Façade is the lack of real sub-regional leader, even if Senegal appears has having the higher potential to become one.

A second reason is the lack of structuring agricultural or industrial activities. Industrial sector is underdeveloped, mainly as the result of negative effects of structural adjustment program that deprives emerging sector of the necessary protection and support of the 'infancy industry'. One agricultural production could play this integrating role – rice – that is the basis of households' consumption in this area but, due to the absence of coherent regional development strategy, the sub-region remains a net importer of rice whereas its potentiality would allow to provide for the demand of the all region.

One of the weaknesses of the sub-region is that, under PASP, the productive sector (mainly agricultural) is mainly oriented towards the international market and not the needs of the (sub) regional market.

Trade networks in the sub-region

The sub-regional trade flows on the Atlantic Façade are organized by several *structured trade networks*, constituted before the colonisation period, which nowadays mainly trade imported crops (rice for example) ; these networks are complemented by *emerging small-scaled emerging networks* organized around sectoral specialities operating near the border on periodical markets.

Traditional transborder networks benefit from the economic reforms implemented in the 1980s under the structural adjustment programmes and in the 1990s from the liberalisation and privatisation process ; Lambert and Egg (1994) note that the 1990s also saw the emergence of the ‘bosses’ of the main networks that developed collusion or rent-sharing strategies with some officials. The main networks, generally based on ethnics or religious solidarity, are very specialized on specific products and on precise location generally around the border but can also move in order to leave too conflictual zones (as are often border).⁷¹

- The *Mouride and Tidjane*, characterised by an important ‘marabout’ hierarchy dimension, operate between Senegal and Gambia, mainly on smuggling : Fanchette (2001)⁷² notes that Touba-Mbacke (mouride main centre) became the major warehouse for smuggled products from Gambia and Guinea in Senegal ;
- The *Peul* specialized in rice re-exportation between Senegal and Guinea-Conakry in the 1990s shift its activities towards fruits and vegetables trade ;
- The main Malian Traders in Guinea trade imported crops (rice) and also maize and local crops (sorgho, mil);
- Several important Lebanese businessmen play also an important role.

These traditional networks are completed by *small producers/traders networks* that emerge with the focus put on – and support given to – private sector, civil society and socio-professional organisations, with the double objective to escape to the control of main private traders and, doing so, to increase the business margin, but also to share information about business opportunities and trading experiences : they are not really in competition with traditional networks, because they mainly trade local-produced crops. Whereas the main traditional networks were based on ethnics/religious solidarity, these emerging networks are most constituted around sector/professional shared interests and objectives and extend at the sub-regional scale. However, they appear as being limited by several factors : lack of interaction thus reducing the information exchanges, reduced resources and small trade amounts, lack of institutional connection that would allow them to escape illegal barriers and tariffs on many roads of the sub-region.

Infrastructure of the sub-regional trade

Regional trade benefits are structured around two elements: the *periodical market* and the *warehouses* but suffer from the weakness of *transport infrastructures* (roads, trains, etc.).

Periodicals markets historically already existed before the colonial period but strongly developed during the last years as a result of implementation of economic reforms characterised by a retreat role of the State (liberalisation of trade bureaux) which offered to private sector and networks the possibility to organize trade flows, in particular legal and illegal transborders flows. As in others sub-areas in West Africa, border-markets development strongly benefits from differences in the economic and more specially trade policies of neighbours states.

These markets are not only important trade places, they play a crucial structuring role of the social activities on the sub-region : therefore they have to be considered as ‘socialisation

⁷¹ Mamaty and Soule (2003), unpublished.

⁷² Fanchette S. (2001), *Désengagement de l’Etat et recomposition d’un espace d’échange transfrontalier : la Haute Casamance et ses voisins*, Autrepart, 19.

places' (Mamatu & Soulé (2003), unpublished). The main reference markets are Diaobé (near Koundara in Guinea), located near the border of Senegal, Gambia, Guinea and Guinea Bissau ;Rosso, river port, is located at the border between Senegal and Mauritania and is a good example of how the rivers complement and even replace the lack of roads or train infrastructure.

Warehouses constitute the other structuring element in the Atlantic Façade sub-region and play a role similar to the warehouses in Benin or Togo in the Guinea Gulf sub-area (cf. above). Official warehouses, developed by the Minister of Transport of Mali, are located in the main port towns of neighbouring states, such as Dakar, Conakry, Nouakchott and benefit from special customs advantages. There are also private stock infrastructures mainly located in border markets where goods are stored before being re-exported, sometimes through informal transborder networks in small quantities.

Transports infrastructures are of very poor quality and represent more obstacles to trade than means of its facilitation. They are not constituent on a sub-regional basis but more only at the national level, so that there is few trans national interconnections between capital/main cities or economic centres of the region. One of the well known example is the poor quality of the Dakar-Bamako train line (especially on the Mali part) that further worsens the land-locking of Mali and contributes to deprive this country of its important development potential : whereas at the beginning of the 1980s, 70 % of the goods imported by the Mali transited by Dakar, this rate is only of 15 % today⁷³. This explains the importance of rivers for the transport of goods in the sub-region.

The Atlantic Facade in search of a sub-regional leader: Senegal or Mali ?

The nature and the direction of the main trades flows of Mali and Senegal clearly illustrate the weakness of the sub-regional trade integration, the major trade partners of both countries being based in the others West African sub-regional areas (Guinea Gulf, landlocked countries), mainly Cote d'Ivoire and Nigeria. The only important intra-sub-regional trade flows are between the two potential economic 'leaders': Senegal and Mali.

Mali present a 'natural vocation' of sub-regional gravity centre because of its natural characteristics – geographically largest country in the sub-region, with the largest population characterised by an important presence of nearly of the sub-regional population – and the nature of its agricultural production – rice, corn and livestock – that is one of the few (if not the only one ?) that could pretend to fulfil the need of the sub-regional population, if the country manages to develop its important potentialities still dramatically under-exploited.

This development could concern several products:

- cotton, whose production weights for on average the two third of exports revenues of the country, but is subject to large variations (520 000 tonnes in 1998/1999 but only 240 000 tonnes in 2000) and to the exogenous world price variations.
- livestock that is the main important of the sub-region with 'derives products' (leather and skins) is the second major source of export revenues for the Mali and is manly exported to Côte d'Ivoire (and only in a very lesser extend to Senegal and Mauritania)

⁷³ With involvement, as a major stakeholder and manager, of a private Canadian company there will probably an important change

- rice, the basis of the sub-region alimentation - only the half of the Mali unexploited potential (1 million ha) would be sufficient to fulfil the need of all the sub-region – and others crops (mil, sorgho) are mainly exported to Burkina-Faso and Côte d'Ivoire.

These important potentialities are reduced by the land-locked situation of the country worsened by the poor quality or absence of efficient transport infrastructures necessary to export its potential production to others sub-regional countries, and not only (or in a large majority) with the neighbouring Côte d'Ivoire. The two main 'gates' traditionally used for the Mali exports are Dakar and Abidjan : the important degradation of the Dakar – Bamako rail line as well as road conducts Mali to increasingly rely on others regional ports such as Conakry, Lomé, Cotonou and above all Tema.

Therefore, the trade balance of Mali with its neighbours is structurally in deficit (Table 12).

Table 12. Trade balance evolution of Mali with its neighbours states

Country	1998			1999			2000		
	Import	Export	Solde	Import	Export	Solde	Import	export	Solde
Sénégal	40 087	2 360	-37 727	32 894	3 352	-29 542	-38 658	336	-38 322
Guinée	218	405	+187	229	785	+ 556	889	1620	+ 731
Guinée B	1	-	- 1	-	-	-	-	-	-
Gambie	402	2	- 400	666	-	- 666	712	-	-712
Mauritanie	124	3183	+ 3059	88	1566	+ 1478	80	619	+ 539
Côte-d'Ivoire	126 045	31 195	- 94 850	116 287	36 763	- 79 524	139 162	3 280	-139 162

Source: Mali Trade Ministry Statistics.

This trend could have important impacts both economic (with a modification of the groups/networks ensuring and benefiting of the transport of Mali exports) and social (with possible development of rivalry / opposition between the rent-looser and those who benefit from the shift of the main transport routes) ; finally, this could also have some environmental impact on the un-controlled development of the ports concerned.

Senegal is the only country in the sub-region that have a (relatively) developed industrial sector, the secondary sector contributing to 19 % of GDP ; however, the services sector is largely dominant in the GDP, with nearly 60 %, with to main specific sector : trade (21 % of GDP) and transportation (nearly 10 %). The contribution of primary sector to GDP is more erratic, the main part being represented by fish and fishery products, one of the few sectors having benefited on the mid-term from the F CFA devaluation in 1994 in terms of competitiveness. Fishery weight is of around 30 % in the total Senegal exports and the main contributor to exports revenues

The agriculture sector hardly adapts to structural reforms implemented in the 1980s and the self-sufficiency rate for grains trade lowered from 73 % in 1970 to 52 % in 1995. Generally, Senegal imports 75 % of its grains. This is particularly evident for rice, the basis of the households' alimentation in Senegal, liberalized in 1994, but the insufficiently competitive national production still hardly fulfil one third of the national needs ; rice imports therefore weight for around 75 % in total crop importation in Senegal.

Groundnut is one of the main important sectors for Senegal, with a substantial contribution to employment and to exports revenues, but also because its transformation is one of the major basis of Senegal industrialisation. This sector also suffered from the liberalisation and privatisation process engaged in Senegal in the 1990s and, therefore, from strong competition from vegetable oils on international markets; moreover, the norms applied on the European market are increasingly restrictive.

Cotton production does not correspond to the important potentialities of the country and, being strongly dependant of imported entrants, it suffered from the F CFA devaluation in 1994 and also from the negative impact of world prices evolution.

The structures of the external exchanges of Senegal does not capture its potential economic leading role in the sub-region : the large majority of its external trade is not with its direct neighbours but mainly with overseas countries (Europe) and a few others Western African countries (Côte d'Ivoire, Nigeria) : this late fact confirms the 'polarisation' of the main intra-regional trades flows between the sub-regional (potential) economic leader : Senegal on the Atlantic façade, Nigeria and Côte d'Ivoire in the Guinea Gulf area. Trade with ECOWAS weights for 10 % of total imports of Senegal and 20 % of its total exports; the structure of trade within the sub-region is more unbalanced, Senegal imports from the sub-region weighting only for 1 % of its imports from ECOWAS but representing 60 % of its exports within the ECOWAS region: Senegal trade balance is therefore hugely positive with the sub-region.

On the other and, within ECOWAS, the suppliers of Senegal are outside the Atlantic façade': Nigeria (68%) and Côte d'Ivoire (30%), the imports of Senegal being dominated by petroleum products and rice (20% cumulated for both sectors): as noted before, this structure of imports is clearly disadvantageous for Senegal, the rice imports being difficult to reduce (main Senegalese households consumption) and petroleum being dependant of world prices.

On a general basis, the main trade partner of Senegal is France with 24.3% of Senegal imports and 19.7 % of its exports; Nigeria is the second main suppliers for Senegal with 15.1% of total imports. WEAMU zone is also one of the main client for Senegalese products (8.7% of total exports), the main countries being : Mali (24 % of Senegal exports to ECOWAS), Côte d'Ivoire (16.2 %), Benin (11.8%) ; outside WEAMU but within ECOWAS the other Senegalese clients are Mauritania (15%), Gambia (10.5%), Guinea Bissau (6 %) and Guinea (5%).

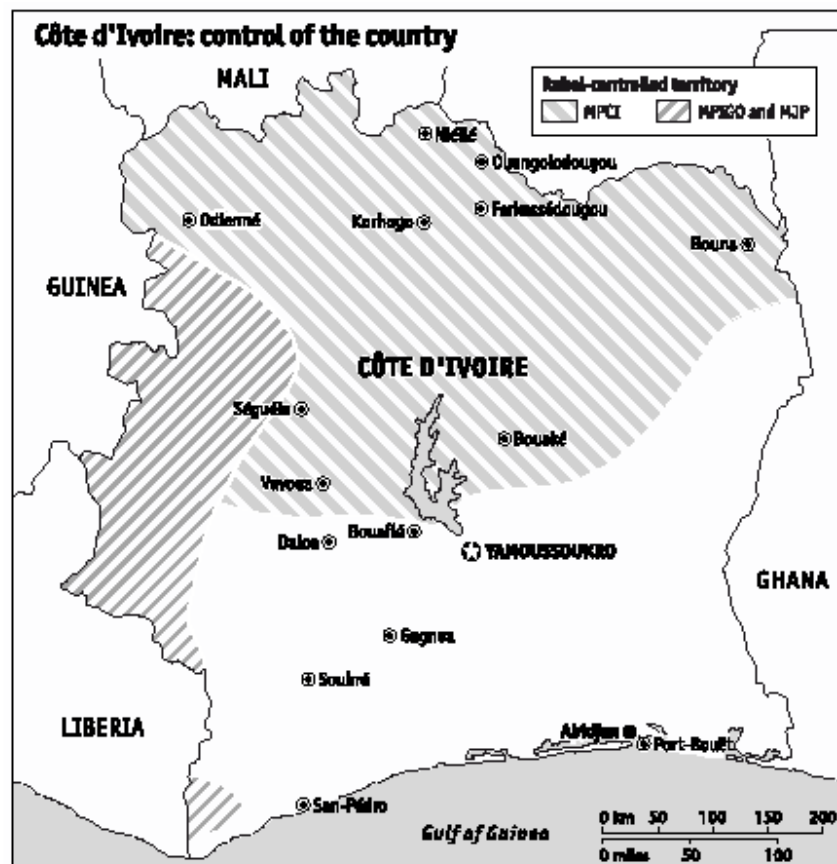
These data show that Senegal develops (relatively) important trade relations (exports) with nearly all of the ECOWAS countries; being on the other hand the only country having developed an industrial sector (even if it remains reduced), Senegal plays therefore *de facto* the role a economic leader in the sub-region.

Mali remains an important partner : the link Senegal-Mali is therefore the (if not the major) linkage between the 'Atlantic façade' group and the 'Great land locked countries' group ; Dakar-Bamako trade link is also the main gate for Senegal towards the two most important areas in the sub-region : the soudano-sahelian corridor (border and link between the sahel and the coastal regions) and the fast developing urban network on the Guinea Gulf coastal region (see above regional integration and sub-regional clustering ; see also below : SKBo area development).

However, this important linkage hardly suffers from the poor and degrading quality of transport infrastructures between Dakar and Bamako, the rail line being very degraded and dangerous (mainly on the Malian part) as well as the road. Dakar port is progressively losing its importance as one of the 'entry gate' of the Western African region for the benefits of Tema in Ghana and Abidjan in Cote d'Ivoire, even if this is strongly reduced since the civil unrest in this country, therefore opening potentialities for others ports such as Lomé. The modernisation of these transport infrastructures is an urgent necessity for Senegal that appears like a 'land-lock' countries being separated from the heart of WEAMU market.

3.3.4 The triangle Mali-Côte d'Ivoire-Burkina-Faso: the heart of the soudano-sahalian corridor⁷⁴.

The gravity center of the *soudano-sahalian corridor* is a triangle overlapping the borderline of three countries : Mali (Sikasso), Côte d'Ivoire (Korhogo) and Burkina Faso (Bobo Dioulasso) and therefore called S.K.Bo. This zone is analysed through the concept of "*country borders*" which is defined as a geographical space located on the dividing lines of two or several adjacent states where populations are bound by social-economic and cultural links.



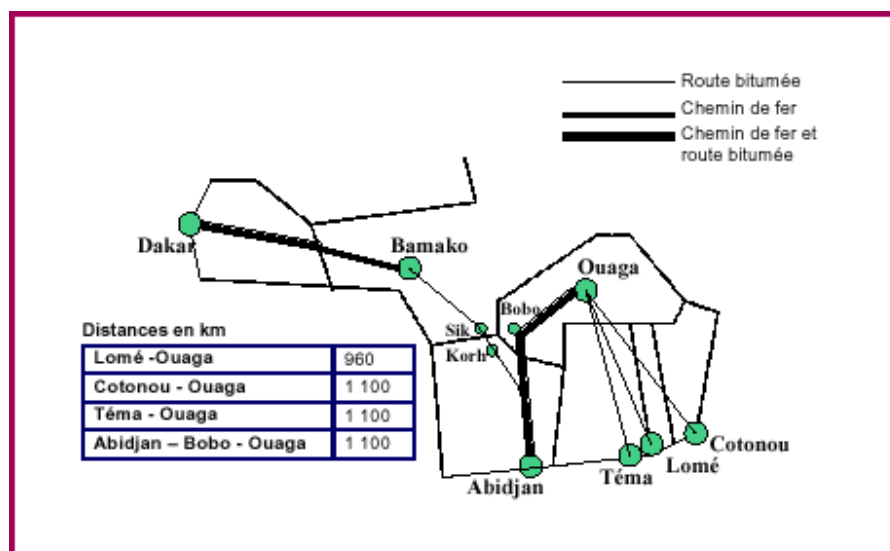
⁷⁴ This development is based on work of OECD-Club du Sahel et de l'Afrique de l'Ouest; see <http://www.afriquefrontieres.org>.

Source : EIU (2003), *Country Profile : Côte d'Ivoire*, The Economist, London.

The zone SKBO constitutes a triangle around the three cities which includes two Malians circles (Sikasso and Kadiolo), four burkinabées 'provinces' (Kénédougou, Houët, Léraba and Comoé) and two departments of Côte d'Ivoire (Korhogo and Ferkessédougou). This space has a surface of 150 000 km² (larger than Benin) with an estimated population of 4 million inhabitants (in 2000), i.e. 11% of the total population of the three countries. Around 900,00 people reside in cities and the population of the three largest cities are expected to double in the next generation.



The three large cities of the zone are located between 400 to 500 km far from the large closest cities (Bamako, Ouagadougou and Bouaké) and constitute a space able to develop the dynamic autonomous ones. The SKBO triangle has several roads and railways to reach large cities and ports: Dakar, Abidjan and Lome. As such it constitutes a “*crossroads of the influence*” among the three ports and the economic development of this zone is related to the coastal countries evolution.



The GDP of the zone is estimated to around 1,000 billion of F CFA, i.e. 10 % of cumulated GDP of the three countries and the main activities are : food crops, commerce, stock farming and manufacturing industry, and rent agriculture.

This is one of the most crucial and also fragile of the sub-region ; therefore its own development, but also the potential changes in the trade rules (like EPA) could have tremendous impact on this area, and by way of consequence of the all sub-region equilibrium and organisation.

Indeed, the bulk of people movement and goods exchange of the three countries (Burkina-Faso, Mali and Côte d'Ivoire) transit trough this zone and these three main towns could act as 'counter' of these flows ; the development of his zone will therefore determine some of the majors economic, social and event environmental issues f the whole sub-region.

This zone is located in the 'soudano-sahalian' belt and therefore benefits from huge agricultural potentialities still under-exploited but that may fulfil a large part of the increasing Western African needs.

However, the SKBo zone experiences strong land instability, based on competition between different types of economic development (animal versus crop agricultural productions), but also huge migrations pressures that conduct to important potential social conflicts of diverse nature : between migrants and ab-original populations, between different generations (even intra-familial) for the control of land : the main threat is this of the young populations whose migrations to the urban region failed and who returned to the familial region⁷⁵ ; these opposition could, at least partly, explain the civil unrest in Côte d'Ivoire since 1999.

The dominating industrial agriculture is cotton and SKBo zone concentrates the main production of the sub-region. The re-structuring of this agricultural industry has important impacts on the whole area organisation: part of the raw cotton of Mali and Burkina Faso is transformed in Côte d'Ivoire and exported through Abidjan; on the other hand, there is

⁷⁵ Chauveau JP (2003), 'Crise foncière, crise de la ruralité et relations entre autochtones et migrants sahéliens en Côte d'Ivoire forestière', *Conflits et Politiques de Développement dans les pays du fleuve Mano et en Côte d'ivoire : les enjeux de la stabilisation et de la reconstruction*, Paris 13-14 mai.

possible synergies for the supply of fertilizer and various entrants. Others crucial products such as mango, crops are increasingly cultivated in this area; Sikasso and Bobo Dioulasso are the main 'grouping centres' of livestock of the two countries.

Private and public operators in the SKBO zone confirm that the existence of borders constrain the development of economic synergies which would encourage local development. Associations of tradesmen call for the development of dialogues to organize an SKBo market of cereals with common marketing strategies and schedules regarding the quality of the products.

The SKBo region could be considered as the 'hub' for the agricultural and live stock production of 'Great land locked countries' (Mali, Burkina Faso, and to a lesser extent Niger) towards Abidjan port and also as redistribution of manufactured products made in Côte d'Ivoire or imported through the Abidjan port towards the land-lock areas.

Because of these important solidarities of production, transformation and distribution flows, the development of the SKBo region is crucial for both the land-lock countries (Mali and Burkina Faso) and for Côte d'Ivoire. Its development would have important spill over effects on the whole sub-region and WEAMU. Indeed, through the development of SKBo zone and transport, Senegal could be linked to the Guinea Gulf region through Mali (provided rail/road infrastructures between Senegal and Bamako are modernized).

However, since the beginning of the political unrest and civil war in Côte d'Ivoire, both Bamako (Mali) and Ouagadougou (Burkina Faso) look for others potential 'gates' for both their production and supplying : these could be Dakar, Conakry or Nouakchott for Bamako and Accra, Lomé and Cotonou for Ouagadougou. Given the importance of the SKBo area for the whole sub-regional trade, crisis in Cote d'Ivoire could lead to major shift (already begun) in the major trade flows of the most agricultural region (soudano-sahalian corridor) of Western Africa.

Further development, based on local and network expertise are necessary to identify precisely the potentialities but also the potential threats linked to trade negotiations such as EPA on this specific area, that is obviously one of those where the future of the sub-region or even the whole West Africa is at stake.

4 Setting Priorities

4.1 Trade Measures

4.1.1 Market Access for Goods

Trade measures are still of importance not only for market access of goods from West Africa but also for access of EU products in West Africa where rules are more complex and diverse due to the specificities of Nigeria but also the non convergence of tariffs and rules between UEMOA and ECOWAS.

Starting in 2008, the EPAs will replace tariff preferences with provisions to promote liberalisation that is reciprocal and WTO-compatible and cover “essentially all trade”. Trade provisions contained in the prospective EPAs will be implemented over a period of ten to 12 years. In the meantime, and in order to facilitate transition, the non-reciprocal trade preferences applied under the 4th Lomé Convention have been maintained and are sanctioned by a waiver obtained at the WTO’s Doha Ministerial meeting.

As will all ACP countries, the countries of Western Africa are not subject to the EU’s average MFN tariffs.⁷⁶ The countries of Western Africa fall under one of two preferential tariff regimes: The Everything but Arms Initiative for LDCs or the Generalised System of Preferences.

Generalised Scheme of Tariff Preferences (GSP). The scheme that is currently in place runs from 1 January until the end of 2004.⁷⁷ It is applicable to LDCs and non-LDCs. It contains two product categories: sensitive and non-sensitive. Non-sensitive products have duty free access to the EC market. Sensitive products (including sugar, meat and fish products). The GSP incorporates the EBA for LDCs.

The “Everything-but-arms” (EBA) initiative. This was adopted in 2001 and expands market access for LDCs. All West African countries with the exception of Ghana, Nigeria and Cote d’Ivoire, are LDCs. Under the EBA, all LDC’s have duty-free and quota-free access to the EU market, for all products (except arms), since March 5, 2001. Full liberalisation of sugar, rice and fresh bananas will however been phased in on a transition period, according to specific timetables⁷⁸:

- On *fresh bananas* : annual reduction of duties by 20 % starting on January 2002 with a full elimination on January 2006 ;
- On *rice* : duties reduced by 20 % on September 2006, by 50 % on September 2007 and by 80 % on September 2008 with a full suppression at least by September 1, 2009 ;

⁷⁶ In the EU, the simple average tariff on agricultural products is 16.1%--four times higher than the simple average tariff of 4.1% on non-agricultural products

⁷⁷ Council Regulation (EC) No 2501/2001 of 10 December 2001 applying a scheme of generalised tariff preferences for the period from 1 January 2001 to 31 December 2004. *Official Journal of the European Communities*. L 346/1. 31.12.2001.

⁷⁸ European Commission, « EU approves ‘Everything But Arms’ trade access for least developed countries’, *Press release*, Brussels, 26 february 2001.

- On *sugar* : duties reduced by 20 % on July 2006, by 50 % on July 2007, by 80 % on July 2008 and eliminated at the latest by July 2009.

These delays in total liberalisation of EU imports on these products will be compensate by 'immediate and real market access' to the LDC through duty-free quotas for sugar and rice, initially based on the best figures for LDC exports during the last years, plus 15 %, with an annual increase of 15 % during the transition period. The EU could however apply safeguards measures in case of 'massive' imports of rice, bananas and sugar.

The Cotonou Preferences. The Cotonou preferences will add to the existing preferential trading arrangements. Its main provisions contemplate:

- duty-free access for all industrial and a large part of agricultural and processed agricultural products; and,
- preferential tariffs for almost all the remaining agricultural products.

The EU Protocols. Four Commodities Protocols annexed to the 4th Lomé Convention allowed duty free access to the EU market for fixed quantities of exports of bananas, beef/veal, rum and sugar. These products are considered sensitive because they are produced by the EU either in mainland Europe (veal and beef, and sugar) or in the overseas territories of the member states (bananas, sugar, and rum). West Africa is only concerned by bananas and, for Burkina Faso, sugar.

The first three Protocols phased out on February 29, 2000 and the Sugar protocol had an 'indefinite duration' (that was however to be renewed in 2001)⁷⁹. The Cotonou Agreement has temporarily extended the Protocols in *sugar* and *beef/veal* up to the end of 2007, when the Lomé preferences will be replaced by EPA or others arrangements.

The *rum* protocol has phased out in 1997 following the 'zero-for-zero' agreement between the EU and the USA that agreed to fully liberalized the distilled spirits markets after a transitional period ending in March 2003⁸⁰.

After the invalidation by the WTO, the Lomé Protocol on *banana* has been replaced by a new Protocol annexed to the Cotonou Agreement under which the EU could take appropriate measures in order to preserve the viability of ACP bananas producers and their access to the EU market. This renewed Banana Protocol focuses only on support to production, transportation and marketing of ACP bananas without any references to quotas or specific access to the EU market. EU importations of ACP bananas are therefore currently ruled by an EU-USA Agreement ('Lamy-Zoellick' Agreement) allowing the EU to reserve a contingent of 750 000 tons for the ACP bananas⁸¹. By January 2006, the quota regime will be replaced by a tariff-only regime for bananas (no more quotas or licences). West African producers (Cote d'Ivoire) are not likely to be able to compete effectively with Latin America in a liberalised market where costs of production are around US\$200/ton when the cost of production in Ivory Coast is on average US\$400 per ton. Ivory Coast is a non-LDC country but has a relatively well developed agricultural economy (at least by African standards)

⁷⁹ The Sugar Protocol was legally independant from the Lomé Convention and enjoyed a special status.

⁸⁰ However, the ACP rum producers will benefit from a special assistance program.

⁸¹ BRISEPIERRE P. (2002), Rapport parlementaire « Accords de Partenariat entre les Etats ACP et la Communauté Européenne », Rapport parlementaire de la Commission des Affaires Etrangères du Sénat, Paris, 31 janvier.

where banana plantations are typically industrial in their scope and as such is in a strong position to compensate for the removal of the protocol. Land used for banana plantations that are no longer viable will be converted to grow higher-value agricultural products for export such as papaya.

Tariff Escalation and Tariff Peaks. The existence of tariff peaks and tariff escalation does not affect the vast majority of exports from West African countries to the EU. For imports from non-LDC countries tariff peaks (three times the simple average) are employed by the EU mainly with respect to “sensitive” agricultural products.⁸³ Tariff peaks might be of importance to non-LDC countries with some processing capacity and potentially this includes in West Africa, Nigeria, Ghana and Cote d’Ivoire. But for the moment it is only “potentially” since most of the exports from these non LDC countries are not considered as “sensitive”. The situation might evolve when these countries will engage in the process of adding value to their production and creating more processed goods that will directly compete with EU production.

Non-Tariff Barriers (NTB). In addition to tariffs, market access includes non-tariff barriers (NTBs). NTBs such as indirect taxes in the EU, affect all imports, including those from the ACP and LDCs. Sanitary and phytosanitary standards (SPS), packaging, and labelling requirements can become *de facto* NTBs where countries lack the capacity to comply with their requirements. The traceability requirements and the sanitation rules imposed by the EU and that apply, *inter alia*, to imports of meat, fish and fresh fruits and vegetables can also be onerous for West African countries. Failure by producers in the region to meet these requirements could impact most severely the potential for expanding trade despite their significant potential for exports. These requirements are often difficult to fulfil and have a cost that further reduces competitiveness of West African products in EU markets.

As such several issues are to be taken into consideration in the context of EPA with West Africa:

- the levels of support provided in the EU (whether or not it is trade distorting) which means that for similar products ACP producers are unlikely to be able to compete with cheaper EU imports in their own domestic markets, or in the EU or other export markets. Support in the EU is provided for a number of commodities exported by the ACP including, *inter alia*, sugar, bananas (in overseas territories), cotton, beef and veal, poultry, milk and milk products, wheat, some vegetables, rice, oilseeds, and fisheries.
- ability to meet standards set by the EU for imports into its market is questionable. Low tariffs do not automatically guarantee access to the EU market. The failure to meet these standards will effectively hamper the ability of West Africa countries to take advantage of the opportunities granted by the preferential trading arrangements.

Indirect Taxes. All EU Member States apply a VAT and excise taxes to imported products at rates that, in accordance with national treatment, are the same as for goods supplied within the territory by a taxable person. Full customs clearance of imported products in a Member State requires payment of VAT and excise duties if applicable.

⁸² The RUM Protocol has been phasing out since 1997 and it is not part of the Cotonou Agreement.

⁸³ Tariff peaks are tariffs that are the triple of the average tariff. For raw materials from non-LDCs tariffs are not imposed unless they compete with European production.

Access to West African markets

Tariff regimes in West African countries vary greatly although harmonisation of tariffs is on the agenda in the integration processes but it is only beginning. The situation varies from country to country but, with few exceptions, there are no more than three different situations, UEMOA which has a CET in place, ECOWAS countries which are to put in place a CET compatible with UEMOA CET and Nigeria as an exception.

The overall scenario is based on the full implementation of a free trade area among the countries of ECOWAS by 2004, including a monetary union and a common external tariff (of between 11 and 12%) in place by the time that an EPA would be signed in 2007. It contemplates a 12-year implementation period during which time trade between the EU and ECOWAS will be progressively liberalized. The agreement should be fully implemented place by 2019. Alternative scenarios may also be considered including varied transition times for Nigerian participation in the monetary and custom unions.

From the perspective of deepening the regional integration process in Western Africa, progress is being made towards harmonisation of trade rules between WEAMU and non-WEAMU countries, including members of ECOWAS. The national situations deeply differ among non-WEAMU countries members of ECOWAS.

- in Ghana, there are five categories of goods with distinct rates (0%, 5%, 10%, 20% and 40%);
- Gambia already applies four categories of imported goods with 0%, 5%, 20% and 50% rates;
- in Guinea, the following rates are planned to be applied (in 2005) to the existing four categories : 0%, 5%, 10% and 15%;
- Cape Verde plans to replace the actual 16 tariff lines by 4 categories of goods with distinct customs duties (0%, 5%, 20% and 50%);
- Nigeria still applies numerous tariff lines (19) ranging from 0% to 100% but plans to adopt the four WEAMU categories.

The overall trend is to have high tariffs on goods competing with local production and to lower tariffs on by-products:

- For ***agricultural products*** the countries of UEMOA apply an average tariff of 14.2%, which is well below the average for the region of 27.9%. However the range in Western Africa for countries, which are not members of UEMOA, range from 6% in Guinea to 53.9% in Nigeria.
- For ***non-agricultural products*** the countries of UEMOA in Western Africa have a harmonised tariff structure that applies throughout the non-agricultural sectors. Within the Western African region, Nigeria consistently imposes average MFN applied tariffs well above UEMOA levels. In Western Africa, the majority of the countries share a common tariff of 17% in this sector. However, Nigeria stands out, imposing an average MFN applied tariff of 51% to *textiles and clothing*. Benin, Niger and Togo, which all impose the common UEMOA tariff of 17% imports considerable quantities of woven cotton

fabric from the EU (4.3%, 3.3% and 4.7% of total imports in 2002, respectively). The lowest tariffs on *leather products* are applied by Guinea, the UEMOA applies a common tariff of 13% and Nigeria stands out with a high for the region of 32%. In this region, 24.1% of Benin's exports to the EU were made up of goat or kidskin leather and 7.3% of sheep or lambskin leather in 2002. Burkina Faso also exports considerable quantities of goat and sheep leather to the EU (20.6% of total exports in 2002). *Petroleum* enjoys far less taxation. The countries of UEMOA apply a common MFN tariff of 4% to petroleum. Within ECOWAS, two countries, Nigeria and Ghana, apply much higher MFN tariffs of 23% and 45% respectively.

EPA negotiations will have to consider the issue of access to West African markets: many agricultural commodities are already exported from the EU to West Africa including wheat, rice, poultry and dairy products, all of them being commodities for which levels of support exist in the EU. The reduction of tariffs in West Africa for these products could lead to a rise in EU exports. Among other issues (such as employment and income), there are issues of food security associated with maintaining a viable domestic industry in key commodities, such as wheat or rice. An over-reliance on cheap imports from the EU could threaten food security in the long term and ultimately displace the cultivation of domestic crops that compete in ACP countries, such as millet. Moreover, recent massive imports of chicken wings into Senegal have negatively affected local production of poultry, and are having spill-over effects for maize production, which is a key input into poultry feed.

Licensing requirements. In most ACP countries, the import of products such as tobacco, arms and munitions, dangerous products (explosive, chemical products) are controlled. Some countries require specific permits for plants and animal imports in relation with sanitary and phytosanitary measures. But some countries also require license for imported products such as motor vehicles, refined sugar, milk products, plants, gum, vegetable extracts and certain chemicals. Imports may also be prohibited on a certain period for purpose of protection of domestic industry, balance of payments or safety considerations. In Nigeria, in 1998, imports of some food items (maize, sorghum, millet & wheat flour, vegetable oils), minerals (kaolin) and manufactured items (vehicles over 8 years) were prohibited.

Table 13. Western Africa: MFN applied tariffs for non-agricultural products (Simple averages by sector)													
Import markets	Year	Wood, pulp, paper and furniture	Textiles and clothing	Leather, rubber, footwear and travel goods	Metals	Chemicals and photographic supplies	Transport equipment	Non-electric machinery	Electric Machinery	Mineral products, precious stones and metals	Manufactured articles, not specified	Fish and fish products	Petroleum
Benin*	2002	11	17	13	12	7	9	7	11	12	15	15	4
Burkina Faso*	2002	11	17	13	12	7	9	7	11	12	15	15	4
Cape Verde*	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Ivory Coast	2002	11	17	13	12	7	9	7	11	12	15	15	4
Gambia	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Ghana*	2000	19	23	15	11	13	5	2	10	13	16	16	45
Guinea	1998	7	7	6	7	7	6	5	7	7	7	7	7
Guinea Bissau*	2002	11	17	13	12	7	9	7	11	12	15	15	4
Liberia	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Mali	1999	11	19	13	12	4	6	3	9	11	15	17	6
Niger*	2002	11	17	13	12	7	9	7	11	12	15	15	4
Nigeria*	2002	22	51	32	23	17	18	13	20	30	23	25	23
Senegal*	2002	11	17	13	12	7	9	7	11	12	15	15	4
Sierra Leone	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Togo	2001	11	17	13	12	7	9	7	11	12	15	15	4
Average: Western Africa	-	12.4	19.9	14.3	12.5	8.2	8.9	6.5	11.2	13.2	15.1	15.5	9.9
Average: EU	-	2	8	4	2	5	4	2	3	2	3	12	3

Source: WTO, World Trade Report, 2002. II Trade and Development, Appendix. * indicates data source from UNCTAD. (na) indicates information not available.

4.1.2 Trade Facilitation

Despite differences in tariff levels, the countries of ECOWAS have harmonised their approach to customs documentation, introducing common certificates of origin customs nomenclature (HS) and other declaration forms. However, significant non tariffs barriers exist within the region, typically at an informal level. For example, goods are often subjected to non-transparent and inconsistent procedures at border crossings ('abnormal practices') which increase the cost of the transaction and pose an obstacle to the process of market integration. In addition, the implementation of the TLS has faced serious obstacles including high levels of taxation on approved tax-free products and the refusal by some customs officials to recognise the scheme and the products approved under it.

In the EU there is a uniformed custom code for all exports and imports. The situation among ACP countries is diverse. The facility and rapidity of custom clearance is related to different elements. Depending on the country the nature of the documents and the details required to fill in Custom Declarations and receive the custom clearance agreements are very diverse. At regional level the harmonization of registration procedures is not always realised although it is generally included in the trade agreements.

Table 14. Types of documents required

Burkina Faso	Registration documents: professional trader's license. invoice. freight invoice. insurance certificate. transport document. packing list. certificate of origin. inspection certificate. phytosanitary/sanitary certificate. Custom clearance takes around 48 hours.
Nigeria	Registration documents: bill of entry. bill of lading. invoices. certificate of origin. certificate of value (declaration of the importer). packing list. clean report of findings. import duty report. custom duty bank receipt. insurance certificate. additional documents for food/beverage/tobacco/drugs.

Note: Certificates of origin are required for products coming from countries included in a regional trade agreement with a specific tax regime.

4.1.3 Standards and conformity assessment

The opportunity for Western African countries to exploit their preferential access to the European market relies to a large extent on their capacity to shift the nature of their exportation from unprocessed and raw materials to industrialized exports products. However, the entry of some agricultural products and many processed products into the European market requires exporters to fulfill high standards and conformity requirements set up not only by the European Union or the Members States but also by the private sector in the selection of their suppliers. By imposing restrictive standards, governments reinforce the trust of the final consumer in imported goods and therefore favor international trade. However, standards represent non-tariff barriers for producers that are not able to comply with the requirements of the regulations.

Financial costs related to standards covers, first, the cost of the adaptation of the production process to the standards regulations which are generally different for the national/regional market and for the international/European market. It also involves important financial costs for the testing procedures and the conformity assessments. Processed goods exporting efforts made by the Western African countries could therefore be hindered by the high standards and regulations requirements of developing / European countries.

Standards are particularly important for Western African countries aiming at exporting processed food products, such as transformed or conditioned fruits and vegetables, transformed fishery products or transformed cereals. The standards requirements also concern the process of cultivation (such as forbidden use of specific fertilizers) and can therefore also affect raw products exportations. However, many Western African countries lack the financial, human and technical resources necessary to implement procedures necessary to fulfill the standards requirements of European countries. This is apparent from the extremely low levels of notifications under the WTOs SPS and TBT Agreements, in particular as compared to the EU (Tables 15 and 16).

Table 15. Western Africa: Notifications under the WTO SPS Agreement

Country	Years	Notifications / Details
Benin	1996-2003	20/05/1997. Corrigendum. (G/SPS/N/BEN/2/Corr.1) 29/04/1997/ Notification. (G/SPS/N/BEN/3) 29/04/1997/ Phytopharmaceutical products. (G/SPS/N/BEN/4) 07/04/1997. Notification. (G/SPS/N/BEN/1) 07/04/1997. Notification. (G/SPS/N/BEN/2)
Burkina Faso	1995-2003	None
Cape Verde	-	Not WTO Member (Observer)
Ivory Coast	1995-2003	None
Gambia	1996-2003	None
Ghana	1995-2003	None
Guinea	1995-2003	None
Guinea Bissau	1995-2003	None
Liberia	-	Not WTO Member
Mali	1995-2003	None
Niger	1996-2003	None
Nigeria	1995-2003	None
Senegal	1995-2003	23/10/2000. Peanut paste. (G/SPS/N/SEN/2) 23/10/2000. Tomato concentrate. (G/SPS/N/SEN/3) 23/10/2000. Peanut paste. (G/SPS/N/SEN/4) 25/07/1996. Notification. (G/SPS/N/SEN/1). To prevent the introduction into Senegalese territory of quarantine diseases of plants, composts and all packaging used to transport them.
Sierra Leone	1995-2003	None
Togo	1995-2003	None
Total Western Africa	1995-2003	9
Total EU*	1995-2003	281

Source: WTO. SPS Agreement Notifications. Last accessed 20 November 2003. * The total for the EU is only those notifications made by the EU, it does not include notifications made by individual member states.

Table 16. Western Africa: Notifications under the TBT Agreement (2000-2003)

Country	Notifications	Details
Benin	None	
Burkina Faso	None	
Cape Verde	NA	
Ivory Coast	None	
Gambia	None	
Ghana	None	
Guinea	None	
Guinea Bissau	None	
Liberia	None	
Mali	None	
Niger	None	
Nigeria	None	
Senegal	3	Peanut paste (05/10/2000) G/TBT/Notif.00/474 Tomato concentrate (03/10/2000) G/TBT/Notif.00/473 Peanut paste (03/10/2000) G/TBT/Notif.00/473
Sierra Leone	None	
Togo	None	
Total Western Africa	3	
Total EU*	69	

Source: WTO. Notifications under WTO TBT Agreement. Last accessed 20 November 2003. * The total for the EU is only those notifications made by the EU, it does not include notifications made by individual member states.

4.1.4 Investment

Sub-Saharan countries attract FDI and, as a group, its share has grown substantially since the middle of the 1990s—in conjunction with liberalization and privatisation implemented in the general framework of the SAPs. Between 1995 and 1998, for sub-Saharan countries as a group, inflows of FDI accounted for 4% of the total flows to low and middle income countries generally (at a global level) and in sub-Saharan Africa, the ratio of FDI to GNP has increased three-fold. However, in Africa the majority of FDI was concentrated in the oil-producing countries (Angola, the Democratic Republic of Congo, Equatorial Guinea and Nigeria). More recently, there has been an important rise in FDI for infrastructure, with an overwhelming concentration in the telecom sector and, to a lesser extend, in transport sector.⁸⁴ the volume of FDI directed towards the manufacturing sector remains low.

In Western Africa, the contribution of FDI to gross fixed capital formation was higher in 2000 than the average contribution between 1985 and 1995 in all countries except Nigeria, Cape Verde and Niger (Table xx).

Stocks of FDI are most important in the regional 'leading' economies including Nigeria (US\$ 21,289 million), Côte d'Ivoire (US\$3,685 million), Liberia(US\$2,352 million) and, to a lesser

⁸⁴ Sader F. (1995), "Privatizing Public enterprises and foreign investment in developing countries, 1988-1993", FIAS Occasional Paper n. 5.

extent, Senegal (US\$977 million). Stocks of FDI have been most reduced in the land-locked countries of Burkina Faso (US\$175 million), Niger (US\$448 million), Mali (US\$580 million) as well as in countries that have experienced severe civil instability or wars, such as Sierra Leone (US\$21 million), and those disconnected from the sub-regional gravity centres, including Cape Verde (US\$162 million) and Mauritania (US\$138 million).

Table 17. FDI Flows – Western Africa

	FDI Flows (millions of dollars)				As a percentage of gross fixed capital formation			
	1985- 1995 (Annual average)	1997	1999	2001	1985- 1995 (Annual average)	1997	1999	2000
Benin								
Inward	32	26	61	131	12.7	6.8	13.9	22.4
Outward	..	12	23	22	..	3.2	5.3	9.4
Burkina Faso								
Inward	4	13	13	26	0.9	1.9	2.0	3.9
Outward	1	1	5	3	0.2	0.2	0.7	-
Cape Verde								
Inward	3	12	53	1	2.2	10.4	43.4	19.5
Outward	-	-	-	-	0.5	-	0.3	-
Côte d'Ivoire								
Inward	87	450	381	258	8.9	29.6	20.4	21.3
Outward	48	34	57	38	8.9	2.3	3.1	1.7
Gambia								
Inward	8	21	49	35	10.9	29.2	64.4	59.7
Outward	2	5	4	5	5.8	7.7	5.8	6.5
Guinea								
Inward	12	17	63	38	2.9	2.6	8.7	5.1
Outward	..	1	3	2	..	0.2	0.4	0.3
Guinea-Bissau								
Inward	2	11	9	30	2.1	17.7	22.8	60.0
Outward	..	..	..	..	..	..	..	..
Liberia								
Inward	104	15	10	13	-17.0	..	..	..
Outward	70	501	310	62	-13.0	..	..	..
Mali								
Inward	12	74	51	103	2.1	12.5	10.1	23.8
Outward	-	5	50	35	-	0.8	9.8	6.3
Mauritania								
Inward	5	1	1	30	3.0	0.5	0.5	3.3
Outward	-	..	..	..	0.3	..	..	..
Niger								
Inward	14	25	-	13	5.3	11.1	0.1	10.2
Outward	9	8	-	7	3.8	3.6	0.1	5.4
Nigeria								
Inward	921	1,539	1,005	1,104	27.4	13.5	12.4	10.0
Outward	364	58	92	94	10.6	0.5	1.1	0.9
Senegal								
Inward	15	176	136	125	2.1	22.3	15.1	10.2

Table 17. FDI Flows – Western Africa

	FDI Flows (millions of dollars)				As a percentage of gross fixed capital formation			
	1985- 1995 (Annual average)	1997	1999	2001	1985- 1995 (Annual average)	1997	1999	2000
Outward	5	1	6	14	0.8	0.1	0.6	3.0
Sierre Leone								
Inward	-10	10	6	4	-24.7	22.6	21.0	12.2
Outward	-	-	-	-	0.2	-	-	-
Togo								
Inward	10	23	70	67	4.7	11.3	34.9	28.5
Outward	3	4	41	26	1.7	2.2	20.5	7.8

Source: UNCTAD. *World Investment Report 2002: Transnational Corporations and Export Competitiveness*. Notes: (..) indicate that data are not available or are not separately recorded.

Table 18. FDI Stocks – Western Africa

	FDI stocks (millions of dollars)				As a percentage of gross domestic product			
	1980	1990	1995	2001	1980	1990	1995	2000
Benin								
Inward	32	159	381	756	2.2	8.6	18.9	28.8
Outward	-	2	2	114	-	0.1	0.1	4.2
Burkina Faso								
Inward	18	39	74	175	1.0	1.4	3.4	6.8
Outward	3	4	13	28	0.2	0.1	0.6	1.1
Cape Verde								
Inward	..	4	38	162	..	1.1	7.7	28.9
Outward	..	1	5	5	..	0.4	0.9	1.0
Côte d'Ivoire								
Inward	530	975	1,624	3,685	5.2	9.0	16.2	36.6
Outward	..	31	517	735	..	0.3	5.2	7.4
Gambia								
Inward	127	157	185	221	52.7	49.4	48.4	51.2
Outward	..	22	36	42	..	6.9	9.4	10.4
Guinea								
Inward	1	69	131	324	0.1	2.4	3.5	9.5
Outward	..	..	..	9	..	..	..	0.3
Guinea-Bissau								
Inward	-	8	20	98	0.1	3.3	7.8	31.6
Outward	..	..	..	..	..	..	..	..
Liberia								
Inward	868	2,454	2,419	2,352	77.7	194.9	379.3	264.9
Outward	48	453	1,113	1,586	4.3	36.0	174.5	172.5
Mali								
Inward	12	38	162	580	0.7	1.6	6.6	20.8
Outward	22	22	23	171	1.2	0.9	0.9	5.9
Mauritania								
Inward	-	57	92	138	-	5.6	8.6	11.5
Outward	..	3	3	3	..	0.3	0.3	0.3
Niger								

Table 18. FDI Stocks – Western Africa

	FDI stocks (millions of dollars)				As a percentage of gross domestic product			
	1980	1990	1995	2001	1980	1990	1995	2000
Inward	188	284	361	448	7.5	11.5	19.2	23.8
Outward	2	54	109	163	0.1	2.2	5.8	8.5
Nigeria								
Inward	2,405	8,072	14,065	21,289	3.7	28.3	50.0	49.1
Outward	9	2,586	3,975	4,452	-	9.1	14.1	10.6
Senegal								
Inward	150	258	374	977	5.0	4.5	8.3	19.5
Outward	7	49	96	155	0.2	0.9	2.1	3.2
Sierra Leone								
Inward	77	-	-	21	6.6	-	-	2.6
Outward	..	..	..	..	..	..	..	..
Togo								
Inward	176	268	307	593	15.5	16.5	23.4	43.1
Outward	10	16	44	167	0.9	1.0	3.4	11.5

Source: UNCTAD. *World Investment Report 2002: Transnational Corporations and Export Competitiveness*. Notes: (..) indicate that data are not available or are not separately recorded.

However, the impact of growth in FDI is not clear-cut. It depends on the overall incentives in, and capacity of, the host country to attract and support that FDI. FDI inflows are generally associated with processes of privatisation that can contribute to reform and improvement of the infrastructure network. However, a crucial prerequisite is the creation by the host country of an investment-friendly environment with stable macro-economic regime, export-oriented trade strategies, liberal internal competition policies and relatively open policies to international flows of services and knowledge.⁸⁵ Moreover, in order to fully develop the efficiency of FDI, the host country should provide supporting structures such as highly-skilled labour, a network of suppliers (permitting specialization and competitive costs) and suitable physical, scientific and institutional infrastructure.⁸⁶ In addition, FDI can contribute to develop capacity in the host country.

However, there is also some evidence that the liberalization and privatisation process that are positive factors for FDI, can have a negative effect on corruption that may increase, or simply become more apparent through increasing transparency. Furthermore the overall impact of FDI on the economy will depend on its nature and objectives. If it is directed toward import substituting firms, as it was the case in the 1980s in Nigeria⁸⁷ and Côte d'Ivoire⁸⁸ for example, the local value-added will be inferior to the value of imports suggesting limited benefits from FDI.

⁸⁵ Pigato M. (2000), 'Foreign direct Investment in Africa: Old Tales and New Evidence', *Africa Region Working Paper Series* n°8, Nov., The World Bank.

⁸⁶ Lall, S. (ed.) (1999) *The Technological Response to Import Liberalization in Sub-Saharan Africa*, London: Macmillan.

⁸⁷ Onimode B. et al. (1983), *Multinational Corporations in Nigeria*, Ibaden, Skyraden.

⁸⁸ Manzini J. et al. (1990), *Multinationals and development in Black Africa: A case study of the Ivory Coast*, Farnborough, Saxon House.

Previous work (Pigato 2000) identifies the African ‘best performers’ in terms of attracting FDI, based on two groups of indicators: a) economic and quantitative criteria⁸⁹ and b) policy and risk criteria.⁹⁰ The countries selected were those whose performance were higher than the the regional average.

According to the economic and quantitative criteria, the West African countries selected were Cote d’Ivoire, Ghana, Guinea and Senegal (i.e., four countries of a total of 12 sub-Saharan countries selected). In terms of policy and risk criteria, the countries selected are: Cote d’Ivoire, Ghana, Gambia, Guinea and Senegal. Therefore, the author designated three countries from Western Africa (out of a total of 10 for Africa) as the ‘best performing countries’ in terms of attracting FDI – Cote d’Ivoire, Ghana and Senegal. Guinea has attracted larger than average inflows of FDI but has lower than average policy and risk ratings.

These results confirm the development of stocks and flows of FDI presented above. FDI flows into Africa remains concentrated in the oil and telecom sectors and, to a lesser extent, transport. Flows of FDI are not significant in the manufacturing sector, where it could encourage development in technology, skills and market access for West African countries that is critically important for current (and future) growth from liberalisation. The policy implications for West African countries are important in terms of improving the environment, with, *inter alia*, lower transaction costs, more ‘investment-oriented’ economic and trade policies and a better regulatory and legal environment.

4.1.5 Intellectual Property Rights⁹¹

The relationship between international trade and intellectual property rights is governed, at the multilateral levels, by the WTO’s Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS Agreement). Developing country members of the WTO and countries in transition were given five years to bring their laws into conformity with the TRIPS Agreement. Therefore, the TRIPS Agreement has applied to West African non-LDCs (Cote d’Ivoire, Ghana, Nigeria and Senegal) since the beginning of 2000. LDC WTO Members were given 11 years.⁹² Therefore, most of the West African countries (the LDCs) have until 2006 to incorporate the provisions of the TRIPS Agreements in their national law. However, the deadline for which LDCs have to apply the specific provisions relating to pharmaceutical patents has been postponed by the Doha Ministerial Declaration (November 2001) to 1 January 2016.

Under the TRIPS Agreement, WTO member countries must comply with the substantive obligations of the main conventions of WIPO — the **Paris Convention** on industrial property, and the **Berne Convention** on copyright (in their most recent versions). In addition, most African States are members of intellectual property international treaties such as the patent

⁸⁹ Economic and Quantitative criteria i) the change in average inflows during the periods 1995-98 and 1987-90; ii) the ratio between FDI and GDP; iii) the ratio of FDI and gross domestic fixed investment; and iv) the ratio of FDI and total exports.

⁹⁰ Policy and risk criteria based on several indicators. *The World Bank’s Country Policy and Institutional Assessment (CPIA)* ; *the International Country Risk Guide Index (ICRG)* ; *The Institutional Investors Rating*.

⁹¹ This section is based on previous work of one Consortium member : Cabinet Fénéon, IPA and Afrique Initiatives (2003), *Etude des problèmes spécifiques rencontrés par les Etats Africains dans l’application de ADPIC et de leur besoin de coopération technique*, Paris.

⁹² Developed countries were given one year after the entry into force of the TRIPS Agreement on 1 January 1995 to ensure the conformity of their laws and practices with the provision of the Agreement.

cooperation Treaty or the Convention instituting the World Organization of Intellectual Property.⁹³

Most West African countries are also members of the African Intellectual Property Rights Organization (OAPI), established in 1962 by the Bangui Agreement.⁹⁴ The revised Treaty (1999)⁹⁵ was signed by all OAPI's members and ratified by all the countries of Western Africa with the exception of Benin and Guinea Bissau. It entered into force on 28 February 2002. This Agreement is the law governing industrial property rights in each of the member states of the African Intellectual Property Organisation (OAPI). The following areas are covered by the Bangui Agreement (and its Annexes): patents, utility models, trade marks, industrial designs and models, trade names, geographical indications, and literary and artistic works.

OAPI has as its goals: (a) registration and issuing of protection titles; (b) documentation and information on the content of the titles that it issues; and, (c) involvement in technological development, with a program of information, sensitization, training and assistance to the promotion of invention and innovation.

TRIPS Agreements basically deal with the following classes of IP contents : *trademarks*; *patents*; *copyrights* and also with the controversial issue of *biodiversity*.

- *Trademarks*

Under Article 15 of the TRIPS Agreement, any sign, or any combination of signs⁹⁶, capable of distinguishing the goods and services of one undertaking from those of other undertakings, must be eligible for registration as a trademark, provided that it is visually perceptible.⁹⁷ The registered trademark⁹⁸ granted its owner the exclusive right to prevent all third parties not

⁹³ With the exception of the provisions of the Berne Convention on moral rights, all the substantive provisions of these conventions are incorporated by reference and become obligations for WTO member countries under the TRIPS Agreement. WTO members countries therefore have to apply these main provisions to the individuals and companies of all other WTO members.

⁹⁴ OAPI members states are : Benin, Burkina Faso, Cameroon, Central Africa, Congo, Côte d'Ivoire, Gabon, Guinea, Guinea Bissau, Equatorial Guinea, Mali, Mauritania, Niger, Senegal, Chad, and Togo.

⁹⁵ The revised version incorporates provisions for the following areas : Cancelling of the licence Agreement's control, insertion of provisions concerning the protection of Copyright and related rights, extension of protected objects to integrated circuit layout-designs and plant variety protection, insertion of provisions related to the protection against unfair competition, taken into account protection of trade secret, inclusion of the most favoured nation treatment, protection of computer program and databases, cancelling of the automatically forfeiture of patent for lack of exploitation, set up of a location right for copyright.

⁹⁶ In particular words including personal names, letters, numerals, figurative elements and combinations of colours as well as any combination of such signs.

⁹⁷ Where signs are not inherently capable of distinguishing the relevant goods or services, Member countries are allowed to require, as an additional condition for eligibility for registration as a trademark, that distinctiveness has been acquired through use. Members are free to determine whether to allow the registration of signs that are not visually perceptible (e.g. sound or smell marks).

⁹⁸ The TRIPS Agreement contains certain provisions on well-known marks, which supplement the protection required by Article 6bis of the Paris Convention, as incorporated by reference into the TRIPS Agreement, which obliges Members to refuse or to cancel the registration, and to prohibit the use of a mark conflicting with a mark which is well known. Members may provide limited exceptions to the rights

having the owner's consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion. Under Bangui Agreements, initial registration and each renewal of a trademark shall be for a term of ten years (whereas the TRIPS provision is seven years).

However, only a few registration of trademark are actually made. For example, there have been 69 in Cote d'Ivoire, 80 in Mali and only 6 in Mauritania in 2002. At the same time, there is a growing counterfeiting problem (copies or multiple uses of packing, product substitution, illegal use of the trademark) inducing important losses both for companies and governments and facilitating money laundering (Box 6).

Box 6. Examples of counterfeiting in West Africa

"In Benin, Cotonou's harbour became a spot of arrival of, each months, dozens of counterfeited cigarettes, manufactured in China, most of time and that have transited via Dubai. Those cigarettes containers unshipped fraudulently at Cotonou's harbour and loaded into trucks in direction to Niger. Those counterfeited cigarettes are then, trans-shipped on other trucks which cross the Sahara in direction to Algeria but also Libya and Egypt. This traffic keeps on from Mediterranean Sea towards South Europe.

In Mali, there is a few counterfeiting manufactured except in the domain of sanitary products (insecticides), beauty treatments, or chemistry (handicraft manufacturing and sale under label) with the inauspicious consequences in public health scope".

Source : Cabinet Fénéon, IPA et Afrique Initiatives (2003).

- *Copyrights*

Africa is an area of specific and important cultural and artistic creativeness and African artists are becoming increasingly conscious of the need to protect the copyright on their work. The main obstacle to a effective protection is the lack of financial resources to pursue this protection and a lack of collective management of copyright by organisations. Such organisations could help ensure that as owners of rights, artists receive payment for the use of their works and are thereby further encouraged to contribute to the development of the cultural sector, thus attracting foreign investment and more generally enabling the public to make the most of a broad array of works. Cultural industries have a positive impact on national economies contributing up to 6% of GNP in some major countries in Western Africa.

- *Patents*

Under the TRIPS Agreement, patents are available for any inventions and provide protection for a period of 20 years. However in Africa, there is a large problem of lack of information and knowledge on processes for obtaining patents and financial constraints are also obstacles for inventors.

Access to medicine: The health expenditure of the world's poor is largely devoted to buying drugs, often through private outlets. So the price of essential drugs matters to poor people and to poor countries. However, low-priced drugs, or even those made available free of charge, are often not being sufficiently used. In Western Africa, locally available health services, adequately staffed, equipped, managed and financed, and oriented to local needs and priorities, as well as

conferred by a trademark, such as fair use of descriptive terms, provided that such exceptions take account of the legitimate interests of the owner of the trademark and of third parties (Article 17).

efficient distribution systems and tariff and tax-free treatment for drugs are some of the other factors that play an important role in enabling access on the basis of medical need..

Indigenous knowledge plays an important role in the global economy and in Western Africa. Local communities are responsible for the discovery, development and preservation of a wide range of medicinal plants, and agricultural and forest products that are traded internationally and generate considerable value. Indigenous knowledge also contributes to modern industry and agriculture (botanical medicines, cosmetics, biological pesticides). In most cases, the value resulting from exploitation of indigenous knowledge has been captured by corporations that can harness advanced scientific, technological and marketing capabilities. This is explained primarily through the absence of legal framework on access to genetic resources and benefit-sharing (ABS). The signature of the Bonn guidelines under the UN's Convention on Biological Diversity (CBD) in April 2002 should involve new laws on ABS.

Estimating the full value of indigenous knowledge in monetary terms is probably impossible, first because it is often an essential component in the development of other products, and second because most derived products never enter modern markets. Many local communities who have in the past provided indigenous knowledge to corporations without receiving any compensation from them are today fighting for the (monetary or non monetary) recognition of their contribution to traditional and modern agriculture/industry.

Patent protection may be positive if it implies increasing incentives for research and development (R&D) into treatments for diseases of particular concern to West African countries. However as purchasing power is very low in these countries, there is little reason to expect a significant boost in such R&D and the benefits from developing patents in some African countries may be lower as the costs.

The issue of patents is closely linked to biodiversity and could have important economic, social and environmental impacts, both positive and negative for African populations and countries, through the agricultural sector, in particular (Box 7).

Box 7. The conflict between TRIPS Agreement and Bangui's agreement on the one hand and the Convention on biodiversity on the other hand.

"Bangui's Agreement grants exclusive commercial rights to the producers of plants variety which are new, distinct, uniform and stable. The traditional variety and the related knowledge are cast aside. Then, farmers must pay royalties on new seeds and won't be allowed to keep a part of their crop for future planting. For some authors, this system implements a privatisation of life forms. This agreement doesn't protect the traditional knowledge of local communities because they are not new and their authors are not individuals or commercial companies.

But, it must be noticed that a lot of patents are taken out on African plants with enormous financial profits whereas no provisions for sharing the benefits are envisaged as it is mentioned in the Convention on biodiversity. Sometimes, once the patent is taken out, some parallel circuit of supplying are implemented, thanks to the genetic genetic engineering. As Transgene plants are plant variety, they are protected by Bangui's agreement whereas wild species are not protected at all. Because farming is the mainstay of economic activity in Africa, policy that increase costs of key agricultural inputs could be damaging.

Social consequences of IPRs, in particular patent, PBRs and geographical indications may be the following: (i) valorisation of local varieties and traditional knowledge based practices through geographical indications ; under the conditions stated above, geographical indications can provide new markets opportunities ; (ii) restriction of access to genetic material for farmers and breeders (NB: in DCs, farmers are also breeders) but also for research: plant patents do not recognise the breeder's research exemption; PBRs of 1991 UPOV version may also restrict free access to genetic resources as to create and market a new variety from a protected variety, the breeder must pay royalties to the original breeder ; (iii) restriction (or interdiction) of use of farmer's privilege to retain seeds for replanting."
Source : Cabinet Fénéon, IPA et Afrique Initiatives (2003).

4.2 Priority Sectors

4.2.1 Introduction

A second level of analysis is to adopt a sectoral approach to assessment whereby impacts of trade measures are assessed for specific sectors, issue or products within a sector, based on identified links to sustainability, trade and trade measures.⁹⁹ This section of the framework encourages the selection of the most relevant sectors for study.

In the absence of modeling data at this stage this SIA will rely on the expert opinion of team members, input from the regional workshops, combined with trade data included in Section 3.2 and existing empirical studies to indicate, in a preliminary way, where the economic gains and losses might be felt most strongly in an ACP-EU EPA and where the impacts on sustainability might be most significant.

The following criteria are employed to select priority sectors:

- The sector is significant from an economic, environmental and social perspective (based on “hot spots” determination).
- The sector is significant in terms of trade flows in both volume and financial terms.
- The sector may be impacted by changes in the trade measures included in a future EPA.
- The sector is one where one might expect that there will be potential impacts of the EPA on sustainability at the local, regional or national level or for specific actors.

4.2.2 Cotton and textiles

Western Africa is a major centre for cotton production. It is a very important commodity for some of the poorest countries in the region, indeed in the ACP. Cotton contributes 14% of GDP in Mali, 38% in Benin, and 35% in Burkina Faso. Therefore, from an economic perspective it is a significant crop.

Cotton production occurs predominantly in the rural areas of the Sahel region of Western Africa and in the land-locked countries. Most producers are small and poor and tend to be among the most vulnerable populations in the ACP. All of the countries where cotton production is most important are LDCs, with among the lowest levels of HDI in the world. The populations engaged in the production of cotton are among the poorest populations in ACP, coming from regions where 65% and 87% of the populations live on less than \$1 and \$2 per day, respectively. A high proportion of West African cotton farmers rely on cash incomes sales and exports of their cotton. Rural development: very important for local communities as high proportion of some ACP small farmers rely on cotton for their livelihoods. From a social perspective,

⁹⁹ Participants at an OECD workshop on environmental assessment in 1999 were of the view that sectoral approaches to assessment are the most feasible at this time. While a sectoral approach is practical and feasible, it runs the risk of ignoring important impacts between sectors (i.e. cross-sectoral impacts) (OECD 1999). The framework developed by the CEC allows for the exploration of cross-sectoral impacts. At a minimum, the boundaries should be able to expand to include changes in the major upstream (inputs) or downstream (products) sectors or issues with which they are linked. In a study on cattle feedlots, the CEC’s analysis extended back to the feed-grain sector, and forward to the beef-processing sector. (CEC 1999, see Box 41).

displacement of these workers could have disproportionately strong impacts then, on some of the poorest workers in the ACP, and from a social perspective this sector is important.

Finally, cotton production has important links to the environment, particularly given the fact that producing regions tend to be located in the Sahel where desertification and scarce water resources are already major environmental concerns. The extensive use of irrigation and agro-chemicals associated with cotton production can contribute to the contamination of these scarce resources – land and water.

Cotton is also a product that is traded at relatively high rates between the EU and the countries of Western Africa. Western Africa is the third largest exporter region of cotton in the world. In Western Africa, cotton is produced under conditions that make it competitive on the world market. Cotton is exported in its raw state. It tends to come from the very poorest countries and regions. Cotton is the most important export to the EU for Burkina Faso (41.7% of total exports to the EU in 2002), Guinea-Bissau (36.4%), Mali (61.7%) and Benin (20.9%) and is a significant export from Togo (5.1%).

Most tariffs on cotton are low and there are unlikely to be large impacts related to changes in market access to West African exports to the EU. Linkages to trade come through the existence of higher tariffs exist in ACP countries for imports coming from the EU and the existence of support measures. Where these tariffs are lowered, in any liberalisation process, imports of raw cotton from the EU could threaten to displace the local production, particularly as EU exports benefit from the existence of support measures. The potential impacts of such a dynamic are examined in section 6.3 Linking economic impacts to social and environmental sustainability (p.111)..

A sector that is closely linked to cotton is textiles. These sectors should be considered together, as textiles could present opportunities for West Africa cotton producers seeking to maintain the viability of their production. At present, the textiles industry in Western Africa is very small although there is some viable transformation of cotton into textiles and clothing it tends to be limited by insufficient capital investment and by the costs associated with electricity. The textiles industry has the potential to be a significant employer (although mostly in urban areas) and contribute to the economic improvement in livelihoods of a number of people, particularly for women to attain employment outside of traditional agricultural sphere.

However, any increase in the textiles sector has the potential to generate environmental contamination, most commonly through the dyeing process and the subsequent discharge of contaminated water. Air impacts can include the emissions of particulates, SO₂, hydrocarbons (HC) and odours. Energy consumption by textile industry is also significant, particularly with regard to polymer and other synthetic fibre production.

Noise from machines has been noted as contributing to noise pollution. Given the important economic opportunities it provides, and opportunities related to employment, along with potential environmental impacts, it is appropriate that this sector be considered as a priority in a SIA from a sustainability perspective.

Trade flows in textiles and clothing between the EU and Western Africa are minimal and at present only Cape Verde exports clothing to the EU. The EU exports woven cotton fabric to Togo (4.7% of total imports to Togo from the EU in 2002), Niger (3.3%) and Mauritania (1.1%). The EU also exports large quantities of worn clothing to West African countries.

Tariffs on cotton textiles and clothing are often higher in ACP countries and in the EU. High tariffs in EU do not apply to ACP, but high tariffs in ACP apply to EU. In Western Africa, the majority of countries share a common tariff of 17% in this sector. However, Nigeria stands out, imposing an average MFN applied tariff of 51% to textiles and clothing. Benin, Niger and Togo, which all impose the common UEMOA tariff of 17% import woven cotton fabric from the EU. Any reductions in tariffs would make the EU imports of textiles and clothing even cheaper in West African countries. The EU also employs direct and indirect export subsidies/refunds are used in this sector.

Despite the fact that production costs are competitive in African ACP countries, ACP producers face increasing competition for their exports from low-cost producers in Asia (such as Pakistan, India and China) at a time when demand for cotton is relatively low. At present, there is little opportunity for adding value to the raw cotton domestically. An area of potential opportunity is in the production of first-level processed products from cotton including, for example, threads and unbleached cotton. These products could benefit from more favourable general trading conditions with the EU that might emerge as a result of a future EPA. There could also be opportunities to provide semi finished products to existing companies benefiting from the AGOA for the US market. Economic and social impacts would be important for cotton producers. To take advantage of opportunities in this sector, certain development should occur to make the sector more competitive – these include improvement of logistics, research and development in agriculture, capacity building to respond to regulations such as traceability requirements, organic and fair trade labels. The social and environmental impacts of these sectors will be examined and brought to discussion when they appear to require modernisation and thus impact on traditional production such as small farmers with limited access to land, technology and finance. Given the identification of this sector as a priority, these issues will be explored in section 6.2.

4.2.3 Fruits and vegetables

West Africa is a potential major exporter of fruits and vegetables, due to its relative proximity of EU markets. There are already significant trade flows from Western Africa to EU. The countries of Western Africa export relatively large amounts of “dates, figs, pineapples, mangoes etc.” to the EU. This is primarily pineapples and some mangoes, exported in their raw state. Pineapples are a major crop for both Ghana and the Ivory Coast, two of the countries in the region which are not classified as LDCs. For the moment only Senegal, Cote d’Ivoire and Ghana are exporters benefiting from adequate maritime and air freight facilities allowing for significant flows to the EU. However, other countries that export smaller quantities of these products to the EU include Benin, Mali, Gambia, Burkina Faso, and Togo. Burkina Faso, Gambia, Mali, and Senegal export leguminous vegetables. Gambia, Ghana, Mali, and Togo export fresh or chilled vegetables and Senegal even exports some tomatoes (0.9% of its total exports to the EU in 2002). In Mali exports consist primarily of green beans and exotic greens. In Burkina Faso, it is green beans and in Senegal, green beans and exotic greens. Ghana exports exotic greens.

There are a number of potentially relevant trade measures related to fruits and vegetables that deserve to be explored in an SIA of the EPAs. First and foremost, perhaps, are the potential impacts of SPS measures, which tend to be strict and are difficult for some West African producers to comply with. This is closely related to food safety issues, including technical standards and treatment for fruit exports, phasing out methyl bromide, Codex Maximum Residue Levels of pesticides. Technical clearance for imports can take a long time due to testing

requirements and administrative backlogs. Issues have been raised on equivalency of levels of protection of developed and developing countries.

Tariffs for these products entering the EU tend to be low or non-existent. However, tariffs in Western Africa are higher and any decrease in tariffs could lead to increasing EU exports, particularly from countries in the southern regions of the EU which could hamper the development of this sector in Western Africa, particularly as support measures exist for some production in the EU. It has already been noted that imported apples tend to replace local fruits in urban centres like Dakar, Accra and Abidjan.

The further development of this sector in Western Africa presents opportunities for sustainable development and deserves further exploration as a priority sector. West African region favoured for these markets due to their proximity to Europe (Mali, Senegal and Mauritania). Growing high-value fruits and vegetables could provide a solution to the use of banana plantations in the Ivory Coast. Moreover, the capacity exists in some countries to add further value domestically through preliminary processing. Although this does not occur at present, it has the potential to contribute to economic and social sustainability by reviving small farms in West Africa and offer job opportunities in rural zones. However, the environmental impacts of this production and the necessary investment in transportation infrastructure to make it viable should be further examined.

Both of these sectors present opportunities for producers in ACP countries that might be impacted by structural changes as a result of the EPAs and in particular the phasing out of the commodity protocols. They offer high-value, substitute commodities for which there are existing and growing markets in the EU. To take advantage of these opportunities ACP producers will, in most cases, need to improve logistics and build capacity. The environmental and social impacts in this sector of both the production processes and the infrastructure needs deserve further attention given the potentially large opportunities to further economic sustainability. The market trends in Northern Europe and in the UK tend to offer niche markets for high value products provided producers can comply with legislation and quality requirements and have access to affordable and efficient infrastructure and logistics. Low cost, reliable, and efficient air freight availability is key for these products.

4.2.4 Cocoa

There are some other export crops in Western Africa that are vitally important for the economies in the region. For example, the countries of Western Africa are among the world's largest cocoa producers. The Ivory Coast is the world's largest producer, accounting for more than 40% of cocoa bean production. Ghana is the world's second largest producer (14% of global total), and Nigeria accounts for 7% of global production. Therefore, cocoa and cocoa products are vitally important to the economic well-being of these countries. Moreover, from a social and environmental sustainability perspective, cocoa provides a livelihood for a large number of farmers, contributes to rural development and to earnings that support rural infrastructure including roads, storage facilities, schools, hospitals, and first-stage processing firms. In some countries, such as the Ivory Coast, extension of cocoa production has come about as a result of deforestation. These fundamental linkages to sustainability make this a priority sector in the region.

Cocoa is also exported in large quantities to the EU, which is the world's largest consumer accounting for 39% of global consumption. Cocoa tends to be most heavily exported by the non-

LDCs in the West African region. Ivory Coast is the world's largest exporter of cocoa (53% of global exports), followed by Ghana (16%) and Nigeria (5%). Cocoa is the dominant export form the Ivory Coast and Ghana to the EU making up 37% and 32% of their exports to the EU in 2001, respectively. It is also significant for Togo (17.6%), Nigeria (5.4%) and Sierra Leone (5.0%).

The countries of Western Africa also exports processed cocoa products to the EU. For example, Ivory Coast exports cocoa paste and cocoa butter, which makes up 5.0% of its exports to the EU, cocoa powder (not containing sugar) (1.2%) and chocolate and other food preparations containing sugar (0.6%). Gambia exports cocoa butter, fat, oil (4.4%) and Ghana exports cocoa butter, fat and oil (2.6%) and cocoa paste (1.5%).

Trade measures in the EPAs could encourage the continued robust trade in cocoa and its further processing to achieve higher levels of value added and thereby contribute to economic sustainability (at least although this, along with environmental and social issues warrants further attention). From an environmental perspective, it could also be beneficial to improve the processing capacity in the region – by taking pressure off land, which is an important resource in Western Africa. Increasing rudimentary processing (cocoa paste, cocoa butter) could provide employment and a secure source of revenue to large portions of the population. There could be opportunities for further processing in West African countries but only where there is investment in facilities and in the transportation infrastructure. Inadequate transportation infrastructure at present means that it is not, at present, economically viable to develop further processing facilities. The import policies in West African countries are generally aimed at enabling the sector to develop its production and processing potential. The impact on development of this industry, which provides a major opportunity for Western Africa, by tariffs applied to non-LDCs in this sector are worthy of further exploration. This is particularly important as cocoa prices have been declining in recent years.

4.2.5 Fish and Fish products

Fish and fish products is an important economic sector in some countries in Western Africa. It is particularly important for Guinea-Bissau, Mauritania, and Senegal. In Mauritania, 50% of revenues come from the fisheries sector and in Senegal it contributes 30% of total export earnings. Large portions of the population are also dependent on the fisheries sector – up to 600,000 people in Mauritania, for example. However, this resource is subject to over-harvesting and any could contribute to deteriorating food security in coastal communities. It could also contribute to the decline of local artisanal fisheries. Resource overexploitation may lead to species endangerment or irreversible harm. Moreover, the favoured use in Western Africa of used EU fishery boats increases risk of potential pollution.

The export of fish and fish products to the EU are very important for certain countries in Western Africa. They are the most important exports for Guinea-Bissau, Mauritania and Senegal. Molluscs are an important export item for Guinea Bissau, making up 23.6% of its total exports to the EU, followed by “frozen fish, excluding fillets” (15.1%).

Most of Mauritania's exports come from “molluscs” (16.6%) but “fish, fresh or chilled (excluding fillets)” and “frozen fish (excluding fillets)” make up 5.5% and 5.3% of its total exports to the EU, respectively. Both these profiles suggest little if any processing of the fish products. In Senegal molluscs are the most important export item (17.4%), followed by “fish fresh or chilled” (10.6%), “fish fillets and other fish meat” (10.1%) and “prepared or preserved

fish” (5.5%). Other West African countries that export significant quantities of fish and fish products to the EU include: Gambia (fish fillets and other fish meat, 5.9%), Ghana (prepared or preserved fish, 6.2%), Ivory Coast (prepared or preserved fish, 6.0%) and Togo (frozen fish, excluding fillets, 12.5%).

Some countries also export significant quantities of relatively high value crustaceans. These include Guinea-Bissau (8.6%), Senegal (8.3%) Benin (6.2%) and Mauritania (2.5%). The EU exports “Frozen fish” to Ivory Coast (6.1%) and Nigeria (2.4%).

There are a number of potentially relevant trade-related measures associated with this sector that make it worthy of consideration as a priority sector for the purposes of the EPAs. Firstly, tariffs are high in this sector both in the EU and in Western Africa. In Western Africa, the average applied tariff is 15%, however it goes up to 25% in Nigeria and is lowest in Guinea, at 7%. In the EU, the average MFN applied tariff is 12% although this would not apply to the countries of Western Africa. However, given the importance of fisheries exports to the non-LDCs in Western Africa, tariffs may still be a relevant issue. Moreover, lowering of tariffs in Western Africa could result in a change in ACP-EU intra-industry trade to the advantage of EU exporters leading to rising EU exports into ACP markets, which could harm domestic production for regional markets.

A second potentially important trade-related area for investigation is the use of SPS measures in this sector and the ability of West African countries to meet the requirements of these measures and thereby take full advantage of their preferences with trade with the EU.

There may be opportunities for increasing trade in this sector, particularly in processed products such as preserved fish or fish preparations, which could contribute to sustainability. Some processing capacity already exists, particularly in Senegal, Ghana and Mauritania (processing plants and infrastructure for transportation and refrigeration). These opportunities, and the associated economic, social and environmental sustainability impacts suggest that this is a priority sector in the context of this SIA. These issues will be explored further in section 6.2.

4.2.6 Petroleum

By far the largest sector from an economic perspective in Western Africa is the petroleum sector. It supports the largest economy in the region – Nigeria. From an economic perspective, therefore, it is critical, at least for Nigeria. It is also very important in the region from an environmental perspective, particularly since activity is concentrated in the vulnerable coastal and marine zones. Marine zones are increasingly being exploited for off-shore oil and gas exploration and petroleum processing, which is concentrated in coastal areas contributes to industrial pollution along coastlines and in marine areas. This sector is a major source of marine pollution in the Gulf of Guinea. Moreover, impacts are also felt through transportation including spills and leaks during loading, releases of oil, cleaning of oily water from ballasts and heightened risks of accidents and spills as volumes increase.

By value, petroleum is the most important product, exported from Western Africa to the EU, making up close to 39% of total exports to the EU from the region. This is virtually exclusively due to Nigeria. Tariffs tend to be relatively low in this sector, even in the West African countries, where UEMOA applies a common MFN tariff of 4% to petroleum. Two countries, Nigeria and Ghana, apply much higher MFN tariffs of 23% and 45% respectively. However, the discussion in this paper indicates that investment might be the most important trade-related

measure associated with this sector – as it continues to attract by the highest levels of FDI in the region. There may also be opportunities associated with increasing trade in services, particularly energy services.

Given the important economic and environmental issues associated with petroleum, high levels of trade and the relevance in particular of investment and services, there may be opportunities for enhanced sustainability in the sector, or increasing scale of trade may simply increase the pollution associated with the this product, as well as transportation, given its inherently polluting capacity. At least for Nigeria, this sector should be considered a priority for further examination.

4.2.7 Other Sectors

These sectors are included because of their importance to the domestic economies in West African countries, as sectors which could face particular difficulty under increased liberalisation with the EU by virtue of reductions in ACP tariff levels and the continued erosion of ACP preferences in relation to the rest of the world given declining GSP and MFN tariff rates.

4.2.7.1 *Wheat and Meslin*

Wheat is the most important cereal traded on international markets, and it is particularly important as a major import for developing countries, which account for 80% of global wheat imports. Both wheat and meslin, and wheat and meslin flour, is exported from the EU to the ACP countries. In 2001 wheat and meslin made up 3.3% and 3.4% of total imports into Senegal and the Ivory Coast from the EU, respectively. Wheat and meslin flour made up 5.2% and 4.8% of total imports into Guinea Bissau and Gambia from the EU, respectively.

In some cases these exports compete with domestic cereal production. Increasing exports from the EU of wheat and meslin could have negative impacts on traditional cereals and on food security (displacement of local production). Wheat benefits from support in the EU, and local production in Western Africa has difficulty competing. If tariffs are lowered, these imports could increase and become even cheaper, further displacing local production. Where this discourages the cultivation of traditional cereals (such as millet) and an over-reliance on imports, there could be issues associated with deteriorating food security and loss of employment in traditional production. On the other hand, cheap imports of EU wheat contribute to the overall availability of food products, such as bread. The environmental impacts of production of traditional cereals will be important in determining potential environmental benefits or costs of this substitution, and warrant further examination given the importance of trade flows and the potentially important social impacts.

4.2.7.2 *Poultry*

The poultry industry in Western Africa is a viable industry in Ghana, Ivory Coast, and Senegal and provides an important source of employment in urban areas. Poultry is exported from the EU to Western Africa and particularly to Benin, where poultry made up 11.9% of its total imports from the EU in 2001, probably re-exported to Nigeria.

Poultry is a commodity that benefits from high levels of producer support in Europe, which often makes it cheaper to import than to raise domestically. Poultry is an important ACP agro-industry providing urban population with an affordable source of protein. If tariffs in ACP countries are lowered, EU exports of poultry could expand further, which could threaten the domestic poultry industry in Western Africa, which has implications for employment, for production for the domestic and regional market and for food security. Recent massive imports of chicken wings into Western Africa have seriously damaged local industrial production of chicken meat and are further damaging the maize production in countries like Senegal where poultry feed is produced.

From an environmental perspective, more information is necessary to make a judgement about the potential impacts in this sector, but it warrants further investigation as a result of the potential for important economic and social impacts that have been identified. This sector is also linked closely to the maize sector in light of the importance of maize in poultry feed. Therefore, any consideration of the poultry sector should include a discussion of its major input, maize, which also stands to decline if the poultry industry declines in Western Africa.

There are important cross sectoral linkages between this sector and the animal feed sector, which is also important for a number of countries in the region. These linkages could be usefully explored in further work.

5 Selecting Indicators

This section deals with indicators that might be the most relevant for the EU-ACP SIA and followed-up concerning specifically Caribbean region. The selection of these indicators has been based, as the previous section, on the sustainability priorities identified in section 3.1.

5.1 Economic Indicators

Issue	Indicator
Gross Domestic Product	Total GDP (US\$)* Per capita GDP (US\$)* Average annual growth rate (%)* Sectoral composition of GDP in terms of production and value-added
Income	Income (level and changes) Wages (level and changes)
Inflation	Inflation rate (%)* Sectoral price changes
Access to information and technology	Telephone mainlines (per 1,000 people)* (MDG8) Cellular mobile subscribers (per 1,000 people)* (MDG8) Internet hosts (per 1,000 people)* Radio receivers (per 1,000 people)* Television sets (per 1,000 people)*
Investment	FDI Flows, inward and outward (US\$ million/%)* As a % of gross fixed capital formation* FDI Stocks, inward and outward (US\$ million/%)* As a % of GDP*
Government expenditure and revenues	Government expenditure (level and changes) Public expenditure on education (% of GNP)* Public expenditure on health (% of GDP)* Military expenditure (% of GDP)* Total debt service (% of GDP)* Public expenditure on environmental issues Government revenues (level and changes) Composition of government revenues (tariff revenues, income taxes, indirect taxes, etc) (level and changes) Government deficits (level and changes)
Transportation	Road Traffic (total volume, intensity per unit of GDP) Road Infrastructure Densities (Road network, motorways) Marine transportation Container port traffic* Goods loaded and unloaded*
Debt Sustainability	Debt service as a % of exports of goods and services* (MDG8)

5.2 Social / Development Indicators

Area	Issue	Indicator
HDI	Levels of human development	Human Development Index*
Population	Population levels	Total population (millions)* Annual population growth rate (%)* Total fertility rate*
	Urban population	Urban population (as % of total)*
	Ageing index	Population ages 65+ (as % of total)*
	Youth index	Population ages 0-14 (as % of total)*
Poverty		Human Poverty Index* Population living below \$1 per day (%)* (MDG1) Population living below \$2 per day (%)* Population living below national poverty line (%)* Poverty gap ration (incidence x depth of poverty)* (MDG1) Share of poorest quintile in national consumption* (MDG1)
Gender	Levels of gender development	Gender Development Index (GDI)*
	Education	Female adult literacy rate (% age 15-24)* (relative to men)* (MDG3) Female youth literacy rate (%) (and compared to male)* Female combined primary, secondary and tertiary gross enrolment ration (%) (and compared to male)* (MDG3) Female estimated earned income (PPP USD) (and compared to male)*
	Economic and Political Activity	Ration of estimated female to male earned income* Female economic activity rate (% for age 15+)* Female economic activity rate (as % of male rate)* Female employment in agriculture (% of female labour force) Share of women in wage employment in the non-agricultural sector* (MDG3) Maternal mortality ratio* (MDG4)
	Health	
Employment	Labour Force	Total labour force* Annual growth rate (%)* People employed in fishing and agriculture, 2000 (number)*
	Unemployment	Number of unemployed (age 15-24, each sex and total* (MDG8) Unemployment rate (%)*

Area	Issue	Indicator
Health		Life expectancy (years)*
		Infant mortality rate* (MDG4)
		Under 5 mortality rate* (MDG4)
		Underweight children under age 5 (%)* (MDG1)
		One year-olds fully immunized against measles (%)* (MDG4)
		One year-olds fully immunized against TB (%)*
		Physicians (per 100,000 people)*
		Proportion of births attended by skilled health personnel* (MDG4)
		Prevalence and death rates associated with malaria* (MDG 6)
		Prevalence and death rates associated with tuberculosis* (MDG 6)
	Access to basic services	Proportion of population with sustainable access to an improved water source (urban and rural)* (MDG7)
		Proportion of population with access to affordable essential drugs on a regular basis* (MDG8)
		Proportion of the urban population with access to improved sanitation* (MDG7)
	HIV/AIDS	People living with HIV/IADS, adults (age 15-49)*
		People living with HIV/AIDS, women (age 15-49)*
		People living with HIV/AIDS, children (age 0-14)*
	Food Security	HIV prevalence among pregnant women aged 15-24 (%) in major urban areas* (MDG 6)
		HIV prevalence among pregnant women 15-24 (%), outside major urban areas* (MDG 6)
	Food Availability	Cereals (1999-2001)
		Average production of cereals (000 m tons)*
		% change since 1979-81*
		Per capita production (tons per person)*
		% change since 1979-81*
		Average crop yield (kg per ha)*
		% change sine 1979-81*
		Roots and tubers (1996-1998)
		Average production (000 metric tons)*
		Average crop yield (kg per ha)*
	Access to Food	Pulses (1996-1998)
		Average production (000 metric tons)*
		Average crop yield (kg per ha)*
		Meat (1999-2001)
		Average production (000 metric tons)*
		% change since 1979-81*
		Variation in domestic cereal production 1992-2001 (average variation from mean)*
		Net cereal imports and food aid as a % of total consumption, 1998-2000*
		Food aid as a % of total imports (1998-2000)*
	Food consumption	Average daily per capita calorie supply 1999 (kilocalories)*
		Average daily per capita calories from animal products, 1999 (kilocalories)*
	Nutritional status	99 Per capita food supply from fish and fishery products (kg/person) (2000)*
		Fish protein as a % of total protein supply*
		Percent of children that are underweight*

Area	Issue	Indicator
Education	Literacy	Number of illiterate adults*
		Adult illiteracy rates (%)*
	Enrolment	Literacy rate of 15-24 year olds* (MDG2)
		Net enrolment ratio* (MDG2)
		Proportion of pupils starting grade 1 who reach grade 5* (MDG2)
	Public spending on education	Enrolment in pre-primary education*
		Enrolment in primary education*
		Enrolment in secondary education*
		Enrolment in tertiary education*
		Public education expenditure (as % of GNP) *
Property Rights		Public education expenditure (as % of total government expenditure, at primary, secondary, tertiary levels)*
		Proportion of households with access to secure tenure* (MDG7)

5.3 Environmental Indicators

Media	Issue	Indicator
Coastal and Marine Zones	Concentration of population in coastal zones	% of population within 100km of the coast*
Freshwater	Freshwater quantity	Renewable water resources (per capita)*
Pressures include:		Annual water withdrawals (per capita) in m ³ *
		Water balance (per capita)*
Discharges of pollutants by major activity	Freshwater quality	Withdrawals by sector (as a % of total) for agriculture, industry and domestic use*
		BOD/dissolved oxygen (DO) in inland water
Human settlements	Quality of surface water (eutrophication, toxic contamination, acidification)	Concentration of nitrates and phosphates in inland waters
	Quality of groundwater	
Water abstractions	Drinking water	
	Wastewater treatment (response)	Concentration of heavy metals
Agricultural inputs and practices		Exceedance of critical loads of PH in water
	Marine	Sewage treatment connection rates

Media	Issue	Indicator
Land	Soil quantity (desertification and erosion)	Cultivated area (1,000 ha)* Cultivated area per capita (ha)* Land area (1000 ha)* Percentage forest to land area* (MDG 7) Annual change rate (%)*
Pressures include:		
Cultivation of marginal land	Soil quality	Rates of erosion Nutrient quality of the soil
Intensive /modern agricultural practices	Use of inputs and mechanisation	Average annual fertilizer use, 1999 Total (000 metric tons)* Intensity (kg/ha cropland)* Pesticide use, 1994-1996 (kg/ha cropland)* Number of tractors (1997)* % of cropland that is irrigated, 1999*
Air	Air Quality sulphur oxide (SO _x) nitrogen oxide (NO _x)	SO _x per unit of GDP (kg/1,000 USD)* NO _x per unit of GDP (kg/1,000 USD)*
Pressures include:		SO ₂ concentrations in selected cities NO ₂ concentrations in selected cities
Economic growth	Urban Air Quality	Expenditure on air abatement pollution control
Population growth		Atmospheric ODS concentrations Ground-level UV-B radiation Stratospheric ozone levels in selected cities
	Ozone Production/consumption of CFCs, halons and other ODS	Emissions of ozone depleting substances* (MDG7) Existing CFC recovery rates
Energy supply	Climate Change CO ₂ emissions* CH ₄ emissions	Levels of CO ₂ emissions (million metric tons or carbon equivalent)*
Fossil fuel supply	N ₂ O emissions	
Road traffic		

Media	Issue	Indicator
Biodiversity	Species	
Pressures include:	Threatened or extinct species	Number of threatened or extinct species compared to the number of known species*
		Number of protected species*
Land use changes	Habitat	% area of key ecosystems/habitats*
	Habitat alteration	
Transportation infrastructure	Land cover conversion	Ratio of area protected to maintain biological diversity to surface area* (MDG7)
	Protected Areas	Land areas under management categories I to IV of the IUCN classification*
		Total protected area as % of national territory*
Fish consumption	Marine biodiversity	Intensity of fish catches expressed as a % of world captures and as amounts per capita*
	Fish resources	Size of spawning stocks
		Over-fished areas
		Regulation of stocks
Exports of fish and fish products	Other marine resources	Protection of fragile marine ecosystems, such as coral reefs
Waste	Waste Generation (pressure)	Municipal waste per capita
Pressures include:	Trends and intensities of waste generation	Industrial waste
	Hazardous Waste	Intensity of generation of hazardous waste
Consumption levels and patterns		Movements of hazardous waste
	Waste minimisation (response)	Recycling rates
Production levels And patterns		
Energy Resources		Energy production (quadrillion btu)*
		Energy consumption*
		Electricity consumption per capita (kwh)*
		Energy use (kg oil equivalent) per 1\$ GDP (PPP)* (MDG7)
		CO ₂ emissions per capita* (MDG7)
		Levels of CO ₂ emissions (million metric tons or carbon equivalent)*
		Share of world total CO ₂ emissions*

5.4 Institutional Indicators

	Indicator
Political Participation	Participation of parliamentary institutions in government policy making and implementing Number of civil society groups* Number of professional associations* Number of trade unions* Percentage of elected leaders*
International Cooperation	Status of ratification of major international conventions on human rights* Status of ratification of major international conventions on environment (Cartagena Protocol for Biosafety, FCCC, Kyoto Protocol to the FCCC,CBD)* Effective participation in trade negotiations*

6 Trade-Related Sustainability Impacts

6.1 Trade Related Scenarios

The overall scenario is based on the full implementation of a free trade area among the countries of ECOWAS by 2004, including a monetary union and a common external tariff (of between 11 and 12%) in place by the time that an EPA would be signed in 2007. It contemplates a 12-year implementation period during which time trade between the EU and ECOWAS will be progressively liberalized. The agreement should be fully implemented place by 2019. Alternative scenarios may also be considered including varied transition times for Nigerian participation in the monetary and custom unions.

6.2 Changes in trade and trade-induced economic impacts

General patterns of trade in Western Africa will be affected by two main dynamics of liberalisation: (1) liberalisation brought about by the development of the process of regional integration in Western Africa and, (2) liberalisation that occurs in the context of an EPA with the EU.

In general, since most of exports from Western Africa already enter the EU duty-free (more than 80 % for the ACP countries under the GSP program and nearly 99 % for LDC under the EBA Initiative¹⁰⁰) from a strict consideration of the impacts of changing tariffs, the EPA is unlikely to have any significant impact on exports from Western Africa. The only sectors that are not yet fully liberalised are the products covered by the Commodity Protocols, although this will change as the Protocols are phased out.

In the short term, the principal economic impacts of liberalisation will be on the local offer and demand and on intra regional trade. The EPA could be considered as enhancing and sustaining the regional integration process in West Africa in the framework of both regional institutions – WEAMU and ECOWAS – that have (or will) implement a Common External Tariff (CET).

6.2.1 Economic Impacts of the Process of Regional Integration

6.2.1.1 *Summarized impacts of WEAMU CET implementation*

The process of regional integration under way in the WEAMU zone had positive impacts on the intra-regional (WEAMU) trade: the weight of intra-WEAMU exports rose from 11.97 % of total exports in 1996 to 14.97 % in 2001, whereas the imports rose from 8.27 % to 11.97 % of total WEAMU imports during the same period.

¹⁰⁰ See Section 4.1.1. Market Access for Goods.

In 2001, under the internal system of financial compensation, around CFA 18.265 billions have been paid out to WEAMU Member States as compensation for fiscal losses suffered following the implementation of the CET. National receipts are detailed below, in Section 6.5 *Fiscal impacts*, and show huge discrepancies between countries illustrating, in particular, the high levels of dependency on inter-regional customs duties of less-developed, land-locked countries (Niger and Mali).

The impact of CET differs widely between the countries in the region.¹⁰¹ The following four country examples are included in this report to illustrate the differences:

Cote d'Ivoire

- Cote d'Ivoire is in the Gulf of Guinea sub-region and is the most developed WEAMU country and used to be the “gravity centre” in WEAMU and, along with Nigeria and Ghana, in ECOWAS as well.
- The implementation of the WEAMU CET occurred in a context of the civil unrest in Côte d'Ivoire and it is therefore difficult to distinguish between the impacts on the economy of the CET and of the civil unrest.
- Between 1999 and 2000 there was a general decrease in exports between 1999 and 2000 both in volume (-3.4 %) and value (-2.8%).
- The structure of exports remained dominated (in value terms) by foods and beverages (49%) and industrial supplies (24.9%).
- There was a decrease in total imports (-15.8 % by volume but only -0.5% by value) and a change in the structure of imports – fuels and lubricants became the most important imports (33.6% in 2000 against 18.4% in 1999 in value) replacing industrial supplies (which dropped from 28.8% to 25.6 %).
- In spite of the socio-political troubles that reduced national industrial production, the CET ***enhanced the intra-WEAMU trade flows*** of Cote d'Ivoire.
- Côte d'Ivoire increased its imports from other WEAMU countries by 10%. Senegal was its most important supplier (despite a decline in imports), followed by Guinea Bissau and Mali (which recorded a strong increase) replacing Togo as the third most important supplier. Imports from Benin fell sharply.
- Cote d'Ivoire increased its exports to WEAMU countries by 33% in particular to Mali (the most important export market) and Senegal, although exports to Burkina Faso and Niger declined.
- The structure of trade with Côte d'Ivoire's *ECOWAS partners* was not affected by the WEAMU CET. Nevertheless, the volume of trade increased sharply for both imports for (+80 %) and exports (+77 %).
- Nigeria remained the main supplier to Cote d'Ivoire accounting for 92.2% of its imports (increasing in value by 93.5%) and the main market for Cote d'Ivoire for exports (which increased in value by 113.2%) – their relative weight increasing but levels slightly reduced (5.5 % in 2000).
- Cote d'Ivoire increased its imports from Liberia (+17.3%) but its share of total exports to Cote d'Ivoire remained negligible (0.4%). However, exports from Cote d'Ivoire to Liberia

¹⁰¹ For more information see BEYE A., E. ADJOVI, B. AWASSI and M. SMITH (2003), *Etude de l'impact du tarif extérieur commun et de son application dans la CEDEAO*.

increased sharply, rising from 0.3% to 3.3 % of total exports, and representing an increase in value of 1,727.4 %.

- Cote d'Ivoire's imports from Ghana has declined both in value and in relative weight whereas the value of Cote d'Ivoire's exports increased of 13.7% but declined in relative weight (from nearly 17% to 10.9%).
- Generally, despite the unfavourable socio-political situation in Cote d'Ivoire in 1999 and 2000, the WEAMU CET had positive impacts and the country gained market share in its ECOWAS trading partners, with an increase of 77 % in the exports to region.
- Cote d'Ivoire experienced a loss of fiscal revenues following the implementation of the WEAMU CET. Between 1999 and 2000, revenues in Cote d'Ivoire decreased by nearly 5% (from F CFA 1,336.4 to 1,270.5 billion) resulting mainly from the reduction in duties and taxes for imports and exports, but also from the generally degraded economic and social environment. Distinguishing between the two dynamics is virtually impossible. Revenues from import taxes were already decreasing (-2%) in 1999 due to economic slowdown brought about by the socio-political situation,. However, the decrease was particularly marked in 2000 (-21.4%), in large part the result of the implementation of the WEAMU CET. In addition, export taxes and customs revenues decreased by 7.8%, falling from F CFA 176.8 billion in 1999 to 163.4 billion in 2000.

Senegal

- Senegal is also one the more developed countries in WEAMU but isolated on the Atlantic Façade, where the countries tend to trade less with their regional partners and more with overseas countries.
- The structure of Senegal's external trade remained generally unchanged after the implementation of the WEAMU CET.
- A large majority (91%) of Senegal's external trade (petroleum excepted) occurs with OECD countries, mainly from the EU. This reduces the importance, for Senegal, of inter-regional trade.
- Generally, the CET led to an *increase of imports into Senegal* in 2000 and 2001 in both value terms (from F CFA 989.7 billion in 1999, to 1,106 billion in 2000 and 1,373.2 billion in 2001—an increase of 24.2% between 2000 and 2001) and volume terms (+10.7% in 2000 and +26.7% in 2001). Variations differ among the different sectors in the first year of implementation of the CET (2000), with lower imports of clothing (-14.95%), pharmaceutical products (-15.34%), foods products (-12.08%), chemicals (-6.23%) and, above all, the group of products classified as “salt, sulphur, cements, stones, clay, etc.” (-15.32%) and increased in all others products, particularly oils (+147%) and tobacco (+68.6%). In 2001, imports rose in all classes of products.
- The implementation of the CET had negative effect for Senegal's exports that declined by 2% in value and 3.5% in volume terms in 2000. However, this negative trend was reversed in 2001 when exports increased by 16.5% in value and 11.2% in volume terms. The main sectors affected were air and spatial navigation (+132.85%—probably in conjunction with the selling off of planes by the national airline), plastics (+47.13%), cosmetics (+42.59%), and clothing (+34.19%). These increased levels of exports appear to have had positive impacts on the national productive sector.
- The total fiscal revenues rose slightly in 1999 and in 2000. Fiscal revenues based on international trade decreased in 2000 (due to a volume effect superior to the price effect) but

importantly increased in 2001 (+25.6%), thus showing a more important price effect compared to the volume effect in the second year of implementation of the CET.¹⁰²

Benin

- Benin is one the major ‘warehouse state’ whose economy is heavily dependent on trade with the ‘giant’ neighbour Nigeria.
- The implementation of the WEAMU CET had specific effects on Benin where the tariffs applied *ex ante* were lower than those applied by the CET. Therefore, the entry into force of the CET led to an increase of nearly half of the country’s import duties (49.09%), being taxed at 20% (category 3) compared to only 10.17% before the CET, whereas only 4.96% are exempted from taxation (lowest category 0) compared to 15.18% *ex ante*.
- In 2000 the level of imports decreased both in value (-12.6%) and in volume terms (-2.5%) compared to 1999 levels. However, this development was uneven.
- The *value of intra-WEAMU imports to Benin increased by 24.1%* (in spite of a decrease of 11.3 % in volume, essentially petroleum product).
- Côte d’Ivoire remained the most important supplier to Benin within WEAMU, and even increasing its share, whereas exports from Senegal and Togo to Benin were reduced.
- This positive development in value of exports between 1999 and 2000 cannot be considered as resulting only from the CET. A similar trend was noticed between 1998 and 1999 (+35.6% in value and +27.4% in volume compared to 1998). At the same time, the imports originating outside WEAMU experienced a decrease of 16.4% in value and 0.7% in volume in 2000.
- The WEAMU CET did not have a strong impact on the overall level of exports from Benin whose value remained unchanged (-0.1%) and volume rose slightly (1.6%) but their direction changed, with an important rise in exports towards WEAMU zone (+34%), especially towards Niger (the most important destination for Benin’s exports), Senegal, Cote d’Ivoire and, to a lesser extent, Togo, when they decreased sharply towards Mali and, slightly less to Burkina Faso. However especially those directed to the WEAMU zone (+20% in 2000 after a rise of +23.3% in 1999), mainly based on textiles and pharmaceutical products.
- Despite the fact that the structure of Benin’s intra-ECOWAS trade remained unchanged following the the implementation of CET, its exports to others ECOWAS countries were reduced. However, imports from the zone increased by 35%, particularly from Ghana, with which the trade balance disequilibrium is important. Official trade with Nigeria is not important but the official data do not take into account important cross-border trade flows.
- The CET led to a higher average level of taxation and so the effect on the public finances was positive with an strong increase of customs duties in 2000 (+134.4%) compared to 1999 levels, but also in the others taxes. As a consequence, the WEAMU CET also had an influence on the level of inflation in 2000 (4.2% compared to 0.3% in 1999 but 5.7% in 1998), that is difficult to disentangle from exogenous factors such as two important rises in the price of petroleum products in the same year).

Mali

- Mali is one of the large land-locked countries, and one of the poorest countries in the region.

¹⁰² BEYE et al. (2003).

- The analysis is more difficult for Mali because of the difficult access to data.
- The structure of imports to Mali is dominated by equipment goods (33%), petroleum products (21%), food products (13%), and chemicals and pharmaceutical products (11.7%). The main regional suppliers are Cote d'Ivoire (24.76% in 2000, replacing France as the most important supplier), Senegal (6.3%) and Togo (2.7%).
- The value of exports rose slightly between 1997, 1998 and 1999 but in fact the development in terms of volume was negative during this period. The diversification of exports from Mali is very low, 90% of the country exports are made up of non-processed products such as precious metals, cotton (whose importance decline from 45.8% of total exports in 1998 to 38.1% in 1999) and live animals.
- The entry into force of the WEAMU CET in January 2000 led to an important rise in customs duties (on average from 7% in 1999 to 23% in 2000), with some exceptions. Moreover, due to the difficulties of 'categorisation' of the products and non-suppression on some over-taxation, the general level of really applied customs duties is above the CET level for all categories (especially for category 1). However, the fiscal pressure structure changed, benefiting to products of category 3 (32 % of total imports) that represented 62% of customs duties in 1999, but only 47% in 2000 but negatively for category 1 products, supporting 27% of the fiscal pressure under the CET (2000) against only 17 % without CET (in 1999).

6.2.1.2 *Potential impacts of implementation of an ECOWAS CET*

From the perspective of deepening the regional integration process in Western Africa, progress is being made towards harmonisation of trade rules between WEAMU and non-WEAMU countries, including members of ECOWAS. However, important disparities still remain between these two groups that discourage 'official' regional trade and, as a consequence, create numerous opportunities for informal transborder trade, especially between WEAMU and non-WEAMU member states of ECOWAS. The ECOWAS liberalisation scheme (1992) provides an agenda for intra-ECOWAS trade liberalisation and the adoption of a harmonized system of goods classification (World Customs Organization). Since January 2000, ECOWAS is supposed to be a free-trade area but in reality, important national tariff structures still remain.

However, due to their own harmonization process, WEAMU member states tend not to apply the ECOWAS liberalisation scheme to other ECOWAS member states (except in Benin). For example, Gambia, Ghana and Nigeria appear to apply it, at least formally, while Guinea and Cape Verde do not. Therefore, the ECOWAS financial compensation scheme could not be really applied in the ECOWAS even after the (theoretical) entry into force of the ECOWAS Free Trade Area.

EPA negotiations could have a positive effect on the regional integration process (at least for country grouping that have already begun formal negotiations with the EU). Therefore, the prospect of implementing a CET in all ECOWAS member states could be considered.

The negotiations of the EPAs could encourage the processes of regional integration that are already underway in Western Africa. In particular, it could encourage the adoption of a CET in ECOWAS, based on the current WEAMU CET.

In order for this to happen, it is very important for Nigeria to harmonise its trade policies with those of its neighbours. This will slow the rates of informal trade, which are based on the

exploitation of different customs policies applied by Nigeria and its WEAMU neighbours. This would have important impacts on current patterns of trade between Nigeria and its neighbours.

A major impact would be felt by Benin, in its present role as a “warehouse” state for Nigeria. Similar impacts would be felt in Ghana. Moreover, the application of a CET in the region would concentrate economic activity at specific locations along the coastline, which could overwhelm those locations where there is not adequate infrastructure to deal with increasing traffic. Imports could be unloaded directly in Nigeria which means that the warehouse states would lose a large share of customs revenues obtained by transporting products to Nigeria. However, given the numbers of groups with a vested interest in the operation of the system as it currently exists, there may be obstacles to achieving a CET in the short term.

There are other obstacles to the process of regional integration within ECOWAS that will need to be overcome. For example, in Senegal, one constraint is the introverted nature of national economic policies which are strongly geared towards satisfying the needs of the international market in specific markets such as cotton or groundnuts. This leads to a high level of dependency on one or two commodities and in contradiction with the regional integration process based on preferential treatment mechanisms to boost inter-regional trade and ensure regional food security.

Moreover, disparities exist between Nigeria and its neighbours in terms of their economies and policies, particularly with countries in the Atlantic Façade – and those that are most advanced such as Guinea and Gambia.¹⁰³ This creates important opportunities for gains by traders and trade flows where comparative costs alone are not sufficient to create them.¹⁰⁴ These disparities are further enhanced by the use of five different currencies in the sub-region.¹⁰⁵

However, according to Mamaty and Soulé (2003), several factors tend to reduce these disparities of economic policies. These include the ongoing process of regional integration (in particular WEAMU with the inclusion of Guinea Bissau in 1994 and the implementation of a CET in 2000), the F CFA devaluation in 1994, further liberalisation of the Senegalese economy (i.e., privatisation of the rice sector in 1994) and the Program of Restructuring in the crops sector in Mali. These reforms have had a negative effect on informal trade flows, based on re-exporting in Senegal, Gambia and Guinea, but also between Mali and Guinea (in rice).

By further enhancing the regional integration process, the EPAs could reduce the disparities in the trade policies between Senegal, Nigeria and other West African countries, including Gambia. For Benin’s relationship with Nigeria, this would have important negative economic and fiscal impacts, with associated social impacts.

Among the general impacts of the application of an ECOWAS CET are the following:

- A rise in inter-regional trade.
- A reduction in informal transborder trade.

¹⁰³ Egg J. (1989), *Disparités des politiques économiques et échanges agricoles régionaux en Afrique de l’Ouest*, INRA, octobre.

¹⁰⁴ Egg J. (1991), *Commerce, politiques agricoles et intégration régionale en Afrique de l’Ouest, Scénarios pour une intégration économique par du marché céréalier dans le sous espace ouest*.

¹⁰⁵ FCFA (Senegal, Mali, Guinea Bissau), Dalassi (Gambia), Guinea Franc (Guinée Conakry), Ougiyia (Mauritanie) and Escudo (Cape Verde).

- A neutral or positive impact on customs duties, with some exception such as Cape Verde (where a decrease of 70% is projected) and in other countries, such as Nigeria, the increased volume of formal trade will likely compensate for any lost revenues.

6.2.2 Economic Impacts of EU-ACP EPAs

Introduction

The major changes imposed by recent trends of liberalisation in Western Africa have been directed towards the “modern” sector. The trading systems in the countries of Western Africa were traditionally based on import substitution and exports of primary products such as cocoa, coffee, timber, and cotton fibres. Protected by tariffs barriers and state monopolies, the modern economy should have been able to provide resources to the states and satisfy basic needs of the population.

In the 1980s, SAPs were supposed to put an end to this model, which was no longer considered viable. SAP were designed to encourage West African countries to engage in the global economy. The new engines of growth were supposed to be the private sector and the global marketplace. This led to privatisations, restructuring of the banking sector, and was a severe shock for most of manufactures and services that relied on import substitution.

The economic impacts of SAPs proved to be severe and led to the closing of entire portions of national economies¹⁰⁶, privatisations and economic restructuring of many sectors including, *inter alia*, the cement sector, textiles and milk processing. It is important that this not be repeated with the EPAs by imposing a further constraints on increasingly fragile economies.

Potential economic impacts of EPAs on EU-West African Trade

European imports from West African countries are virtually entirely liberalized (close to 95%). Therefore, the major question is not so much the economic impacts on Western Africa of the opening of European market following the EPA negotiations (unless it is for very specific products). Rather an important determinant of the extent to which the West African countries can take economic advantage of their preferential access to the EU, is their ability to compete effectively with other ACP regions, LDCs and other developing countries benefiting from increasingly preferential access (under GSP), thereby eroding the traditional preferences enjoyed only by the ACP countries (and now all LDCs, under the EBA).

This raises the importance of non-tariff barriers with the EU, as well as trade facilitation. Further work on NTBs and on legitimate trade measures such as SPS standards that may become *de facto* NTBs where countries cannot easily comply with them for lack of technical or financial capacity could help countries in Western Africa, with ‘revealed comparative advantage’ (RCA) in specific sectors to expand their trade with the EU.¹⁰⁷ Studies have been undertaken to assess

¹⁰⁶ In Benin, the whole banking sector disappeared in the eighties and has had to be rebuilt from scratch.

¹⁰⁷ RCA was developed by Balassa (1965) and previously employed in several trade policies studies is measured by the sector share in the country’s exports compared to its share in world trade. That is, if x_{ij} is the value of country i ’s (global) exports of j , and X_{tj} is the country’s total (global) exports its revealed comparative advantage index is: $RCA_{ij} = (x_{ij}/X_{tj})/(X_{iw}/X_{tw})$. The interpretation of the index is simple: if

RCA of major African countries.¹⁰⁸ Based on a simple average, the net RCA change for the ECOWAS countries between 1990 and 1998 was zero – that means that during a decade of trade liberalization and structural adjustment Western African countries did not develop RCA and actually were found to have more comparative disadvantages in 1998 than in 1990 (average < 1).

Only a few countries, all non-WEAMU member states, developed comparative advantages: Ghana, Guinea, and Mauritania, and to a lesser extent Senegal (with an equilibrium net RCA equal to unity). Several countries developed severe comparative disadvantages including Mali (-5), Liberia (-1), and Benin (-1). Côte d'Ivoire and Nigeria both emerged with a net RCA of zero. These averages give a global picture of overall lack of competitiveness of West African products on the world market. However, every country developed comparative advantages and disadvantages for specific products. Data generated by Hg and Yeats (2003) suggest that gains in competitiveness—that is, where the development of significant comparative advantage (% of change in the RCA between 1990 and 1998)—have occurred in eight key sectors (Table 19), and significant declines have occurred in nine sectors (Table 20).

Table 19. Main sectors where RCA gains occurred			
SITC	Product	Country	RCA Indice change (%)
26	Textiles fibres	Benin	+ 123.45 %
		Mali	+ 123.63 %
		Senegal	+ 7.06 %
		Côte d'Ivoire	+ 4.75 %
94	Zoo animals	Benin	+ 44.01 %
		Mali	+ 26.28 %
		Guinea	+ 4.56 %
56	Manufactured fertilizers	Togo	+ 21.49 %
07	Coffee, Tea and Cocoa products	Ghana	+ 10.78 %
		Togo	+ 7.94 %
		Guinea	+ 5.51 %
		Nigeria	+ 2.62 %
03	Fish and fish preparations	Senegal	+ 28.10 %
		Mauritania	+ 9.59 %
		Ghana	+ 5.26 %
		Guinea	+ 1.95 %
		Côte d'Ivoire	+ 0.87 %
		Togo	+ 0.36 %
28	Metals Ores and Scrap	Mauritania	+ 15.6 %
		Guinea	+ 3.84 %
27	Crude fertilizers	Togo	+ 13.74 %
79	Others Transport Equipment	Ghana	+ 5.55 %
		Liberia	+ 4.73 %
22	Oils seeds	Benin	+ 5.52 %
		Ghana	+ 1.79 %
		Togo	+ 2.03 %

it is less than unity, the country has a revealed comparative disadvantage in the sector, whereas if it exceeds the unity, the country has a revealed comparative advantage for this product.

¹⁰⁸ Ng F. and A.J. Yeats (2000), "On the recent trade performance of the sub-Saharan countries: Cause for Hope or More of the Same?", *World Bank Africa Region Working Paper Series*, n° 7, august.

Table 19. Main sectors where RCA gains occurred

SITC	Product	Country	RCA Indice change (%)
24	Wood and Cork Manufactures	Côte d'Ivoire	+ 5.60 %
		Ghana	+ 4.90 %
23	Crude rubber	Liberia	+ 7.09 %
		Côte d'Ivoire	+ 2.37 %

Table 20. Main sectors where RCA were reduced or lost

SITC	Product	Country	RCA Indice change (%)
42	Fixed vegetables oils	Senegal	- 46.94 %
		Benin	-12.29 %
		Mali	- 7.30 %
		Côte d'Ivoire	- 1.57 %
97	Non-Monetary Gold	Ghana	- 26.17 %
		Mali	- 22.69 %
21	Hides and Skins	Mali	- 7.42 %
08	Animal feeds	Senegal	- 11.06 %
94	Zoo animals	Senegal	- 14.02 %
28	Metal Ores and Scrap	Liberia	-5.35 %
		Benin	-3.46 %
22	Oil Seeds	Senegal	- 4.00 %
68	Nonferrous Metals and Products	Ghana	- 3.67 %
66	Nonmetal Mineral Manufactures	Mali	- 2.59 %
		Ghana	-1.13 %

Source: Adapted from Hg and Yeats (2000).

A comparison between the sectors where comparative disadvantages occurred and those where comparative advantages were developed show that there were in fact *inter-regional shift of comparative advantages between ECOWAS countries* (some countries loosing and others gaining comparative advantages for the same products). This indicates that these gains or losses are not only determined by the evolution of international trade but also by the evolution of each country's policy and sectoral development. This suggests that at the regional level, the external trade from Western Africa will develop in sectors where either all the countries concerned gain comparative advantage or, if the cumulated amount of countries gaining a comparative advantage is superior to the cumulated amount of countries experiencing a comparative disadvantage, a reduction in their comparative advantage.

- *Preliminary lists of sectors where comparative advantages were gained on a consolidated regional basis*

Hides and Skins: Mali (with US\$1.8 million worth of exports) comparative disadvantage is compensated on the regional basis by gains of comparative advantages of Senegal (+ 1.53%) and Mauritania (+1.81%) whose cumulated exports are of US\$3.4 million.

Animal feeds. The important comparative disadvantage of Senegal (- 11.06%) only concerns a total export amount of US\$9 million whereas five others countries – Côte d'Ivoire (+0.24 %),

Togo (+1.56 %), Mali (+1.2 %), Mauritania (+1.85 %) and Benin (+0.7 %) – gained comparative advantage for a total export amount of US\$24.1 million.

Zoo animal sectors: Despite Senegal's high comparative disadvantage (-14.02 %), it only concerns a volume of exports of US\$0.9 million, whereas the comparative advantage gained by Benin, Mali and Guinea (respectively 44%, 26% and 4.6%) affect combined exports valued at US\$3 million.

Metal Ores and Scrap: This is typically the sector where some countries experienced important comparative disadvantage over the period: Liberia (-5.35 %), Benin (-3.46 %), Ghana (-0.42 %) and Mali (-1.24) but their cumulated exports only amounts US\$38.9 million whereas two other countries, Mauritania (+15.6 %) and Guinea (+3.84 %) gained important comparative advantages for combined exports amounting US\$669 million that compensate, on a regional basis, for the loss of competitiveness in the first group of countries.

Oils seeds: In this sector the evolution of comparative advantage also differs: Senegal is the only country experiencing a comparative disadvantage (-4%) on a trade amount of US\$3.2 million, while Côte d'Ivoire, Ghana, Benin, Mali and Togo gained an average comparative advantage over the period of 2.21% for a cumulated exports of US\$43.8 million.

Nonferrous metals and products: Ghana's comparative disadvantage (-3.67%) concerns a trade volume of US\$145.7 million – no other countries experienced gain or loss of comparative advantage.

Non Metal Mineral Manufactures: In this sector, Mali (-2.59%) and Ghana (-1.13%) experienced comparative disadvantages on a total exports of US\$83.7 million, but Liberia (+3.93%), Guinea (+3.33%) and Cote d'Ivoire (+1.27%) gained comparative advantage for a cumulated export volume of US\$463 million.

Textiles fibers: This is the sector where the gains of comparative advantage of four countries (Benin, Mali, Senegal and Côte d'Ivoire) are the most important (+64.72%) and concern a cumulated amount of exports of US\$468.8 million. No other country experienced any development of comparative disadvantage.

Manufactured fertilizers: The comparative disadvantage of Senegal (-2.31%) on a exported volume of US\$3.13 million was largely compensated, on a regional basis, by the comparative advantage gains of Togo (+21.49) that concerns a much more important traded volume of US\$12.43 million.

Fish and fish preparations: This is another crucial sector where all the six concerned countries (Senegal, Mauritania, Ghana, Guinea, Côte d'Ivoire and Togo) gained a comparative advantage (from +28% for Senegal to +0.36% for Togo) for a cumulated amount of trade of US\$845.9 million.

Crude fertilizers: In this sector, Togo gained comparative advantage (+13.74%) on a total export amount of US\$73.3 million whereas Ghana (-0.7%) and Senegal (-18.39%) experienced comparative disadvantage on a volume of only US\$ 21.2 million.

Others transport equipments sector: In this sector Ghana (+5.55%) and Liberia (+4.73%) gained comparative advantages for a total export amount of US\$0.98 million, whereas Mali experienced a loss of comparative advantage of -1.3% on exports valued at US\$0.63 million.

Wood and Cork manufactures: Ghana (+4.9%) and Côte d'Ivoire (+5.6%) gain comparative advantage for a total export amount of US\$395 million, whereas Liberia's comparative disadvantage is -3.9% for an amount of only US\$29.35 million.

Crude rubber: In this sector Liberia (+7.09%) and Côte d'Ivoire (+2.37%) gained comparative advantage for a total exported volume of US\$128.9 million and Ghana (-0.07%) and Liberia (-1.16%) experienced comparative disadvantage for a total exported amount of only US\$38.3 millions.

- ***Preliminary lists of sectors where comparative advantages were reduced or lost on a consolidated regional basis***

The main sector where competitiveness shrinks is *vegetables oils* in all of the major regional exporters for a total exports amount of US\$98.5 million. Only one country, Ghana improved its position in this sector (+ 3.68 %) for an export amount of US\$20 million. For *non-monetary gold*, Ghana and Mali, whose combined exports are US\$2.2 million, experienced the development of significant comparative disadvantage and no country in the region gained comparative advantage.

The sector of *coffee, tea and cocoa products* is essential for the regional economy. Four countries gained an important comparative advantage (Ghana, Togo, Guinea and Nigeria) but this only concerns an export volume of US\$926 million. Ivory Coast, on the other hand, the world's largest producer of cocoa suffered a small increase in comparative disadvantage of -1.46%--impacting exports valued at US\$2,190 million. Therefore, on a consolidated regional basis, it is possible that the cumulated exported volume could decrease for the region as a whole given the overwhelming dominance in this sector of the Ivory Coast.

Losses in comparative advantage experienced in the past decade, at a time when liberalisation has been increasing, suggest that this trend could continue in specific sectors under the EPAs. Likewise, gains might also be expected to continue. However, many others conditioning factors should be taken into account to estimate the effective modification of trade flows, such as transport infrastructure, credit availability, civil unrest or modifications of the power structure between different social/ethnic groups.

The prospects for increasing exports from Western Africa

The approach in terms of RCA is complemented by consideration of the possibilities for West African countries to effectively increase their exports in response to positive RCA. This will depend on the availability of markets (i.e., demand) as well as the ability of countries to take advantage of market opportunities (i.e., supply).

Estimates by Ng and Yeats (2000) are not optimistic on this point.¹⁰⁹ Between 1990 and 2000, growth in world trade for traditional exports was 5.7%. However, growth in exports of traditional products from Western Africa only grew at a rate of 0.77% (1.8% for the whole of Sub-Saharan Africa).¹¹⁰ Moreover, the prospects of achieving competitive gains are reduced

¹⁰⁹ Ng F. and A. Yeats (2002), « What Can Africa Expect From Its Traditional Exports? », *Africa Region Working Paper Series* n° 26, The World Bank.

¹¹⁰ "Traditional products" are those representing a long-term and important export sector for the economy.

given the low income elasticity of West African countries in these products.¹¹¹ Table 21 indicates that the largest export products nearly all have low or even negative elasticity.¹¹² The only traditional sectors where prospects for increased exports are cocoa beans (1.67) and, perhaps shellfish (elasticity equal to 1.0). However, in the others main sectors, especially raw cotton (-2.00) but also coffee beans (0.64) and sawn logs (0.28) the prospects are unfavourable. Therefore, it is unlikely that growing demand for the products alone will have significant positive impacts on exports from Western Africa.

The countries with the highest likelihood of negative export growth in traditional product are Burkina-Faso and Mali (the land-locked countries) and Togo and Benin (the 'warehouse States'). In these countries export earnings are expected to decrease significantly, although this will depend strongly on the evolution of the world price for raw cotton. Cape Verde, Côte d'Ivoire, Guinea-Bissau, Liberia, Niger, Nigeria and Senegal could contemplate a slow positive growth of their traditional exports, but at a weaker rate than the income growth in the major markets.

Table 21. Average Income Elasticities for Individual West African Country Traditional Products

Western African Exporter	Income Elasticity		Largest Export Product (Elasticity)
	Trade Weighted	Unweighted	
Benin	-1.55	0.17	Raw Cotton (-2.00)
Burkina Faso	-1.49	-0.38	Raw Cotton (-2.00)
Cape Verde	0.97	0.52	Shellfish (1.00)
Cote d'Ivoire	0.94	0.22	Cocoa Beans (1.67)
Gambia	1.04	0.75	Shellfish (1.00)
Ghana	1.13	1.07	Cocoa Beans (1.67)
Guinea	1.09	1.32	Coffee Beans (0.64)
Guinea-Bissau	0.50	0.62	Shellfish (1.00)
Liberia	0.77	0.81	Saw Logs (0.28)
Mali	-1.94	-0.22	Raw Cotton (-2.00)
Niger	0.79	0.66	Raw Cotton (-2.00)
Nigeria	0.41	0.28	Cocoa Beans (1.67)
Senegal	0.28	0.36	Shellfish (1.00)
Togo	-1.06	0.15	Raw Cotton (-2.00)

Source: Ng and Yeats (2002).

Finally, only Gambia, Ghana and Guinea could expect favourable export variations (income elasticity > 1). However, these expectations will not be determinant of growth rate, which also depends on other important sectors (not considered 'traditional') and sectors such as petroleum products where exports are important for Nigeria and for some of its neighbours where petroleum is imported, transformed, and then re-exported.

Generally, the high dependence of West African economies on 'traditional products' is aggravated by the negative trend in export diversification. This could be reversed by shifting the

¹¹¹ The income elasticity of demand for a given product in a given country is defined as the percentage change in demands (imports) for the good attributable to a change in income of a consuming country; if the elasticity is inferior to the unity, the income growth will not be translated in a similar export growth of the product concerned. (Ng and Yeats 2002).

¹¹² This considers products within the group of non-petroleum 'traditional' exports products considered by Ng and Yeats, 2002.

export structures in these countries towards more locally processed goods (creating value-added). This possibility exists in sectors where competition from others emerging countries (especially in Asia) is the most important.

The EU market for traditional exports from Western Africa

Table 22. Evolution of the share of Europe in the World Imports of African traditional products

Traditional Product Group	Year	World Imports (\$ mil)	Share of Traditional Exports to EU
Tropical Beverage Products:	1990	13,362	58.7
• Cocoa beans	1995	21,828	59.6
• Tea	1997	22,007	56.1
• Cocoa butter and paste	1998	21,530	55.9
• Coffee	1999	18,114	55.1
Non-Ferrous Metals & Ores:	1990	40,189	49.0
• Manganese ore	1995	56,956	40.1
• Uranium or thorium ore	1997	53,505	39.2
• Metals of the platinum group	1998	49,647	40.6
• Other non-ferrous ores	1999	49,408	37.9
• Beryllium and titanium			
• Metaliferrous nonferrous waste			
• Unwrought aluminium alloys			
• Unwrought copper alloys.			
Ferrous Metals & Ores:	1990	10,638	56.8
• Ferroy-alloys	1995	14,631	50.5
• Iron ore	1997	14,150	45.1
	1998	13,522	48.8
	1999	11,224	45.5
Fresh & Preserved Seafood :	1990	15,709	35.4
• Shellfish	1995	23,657	31.3
• Prepared or preserved fish	1997	22,998	32.6
	1998	22,443	37.3
	1999	23,033	34.3
Other Foodsuffs:	1990	11,234	49.8
• Sesame seeds	1995	14,057	47.3
• Groundnut oil	1997	14,222	47.1
• Raw beet and cane sugar	1998	13,928	50.3
• Fresh or dried fruit	1999	12,887	50.8
Hides and Leather Products:	1990	2,349	56.7
• Sheep skins without wool	1995	2,451	51.6
• Raw goat and kid skins	1997	2,190	49.9
• Other leathers.	1998	1,736	51.8
	1999	1,381	46.5
Minerals and Products:	1990	21,584	40.3
• Simply worked asbestos	1995	22,681	31.9

Table 22. Evolution of the share of Europe in the World Imports of African traditional products

Traditional Product Group	Year	World Imports (\$ mil)	Share of Traditional Exports to EU
• Products of melted metal ore	1997	24,594	28.8
• Natural calcium phosphates	1998	23,065	30.1
• Other coal not agglomerated.	1999	20,442	30.0
Lumber and Products :	1990	12,774	44.8
• Saw and veneer logs	1995	17,021	41.3
• Natural resins and gums	1997	15,810	38.2
• Chemical wood pulp	1998	13,720	47.3
• Non-conifer shaped lumber	1999	14,868	42.2
Fibers & Agricultural Materials :	1990	11,301	38.4
• Sisal or agave fibers	1995	14,649	30.3
• Parts of tobacco leaf or stem	1997	15,384	29.8
• Raw cotton	1998	13,235	32.8
• Tobacco stripped	1999	10,703	35.8
• Cotton seed			
Gold & Industrial Diamonds:	1990	18,908	38.4
• Non-monetary gold	1995	26,347	31.5
• Industrial diamonds	1997	32,625	22.1
	1998	31,092	27.9
	1999	25,935	25.7
All Traditional Products	1990	159,745	45.1
	1995	216,068	39.6
	1997	219,395	36.3
	1998	205,692	39.6
	1999	189,667	37.9
All Non-Oil Primary Commodities	1990	530,019	52.9
	1995	730,957	47.7
	1997	719,294	45.5
	1998	687,195	48.1
	1999	668,749	46.5

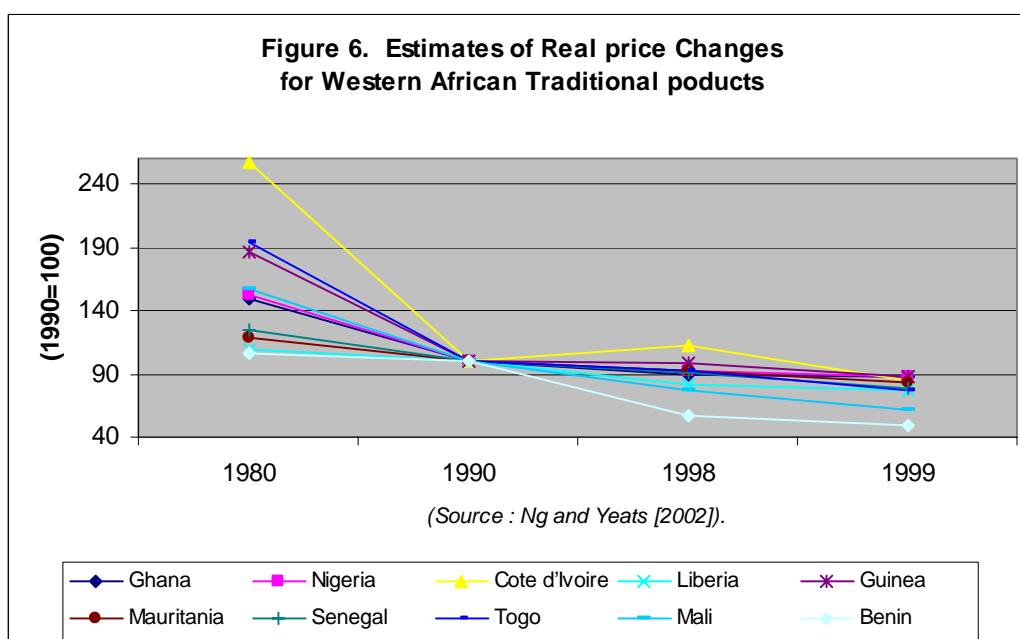
Source : Ng and Yeats (2002).

During the last decade, the share of exports of traditional products to the EU from have declines in all sectors except “other foodstuffs” (where it rose by only 1%). The decline has been particularly important for ‘gold and industrial diamonds (-12.7 points), minerals and products (-10.3 points) and hides and leather products (-10.1 points), whereas the world imports decrease in this last two sectors has been limited and the import have even increased in gold and industrial diamonds sector. Moreover, Ng and Yeats show that Africa is more dependent on the traditional products than any other regional group but “Africa is not the major global supplier for most of the region’s traditional exports [except *inter alia*, cocoa]. As such, Africa’s export prospects will be highly dependent on the region’s capacity to remain internationally competitive for these goods”.¹¹³

¹¹³ Ng and Yeats (2002), o.c.

For all these reasons, it appears that traditional products from Western Africa do not present positive prospects for increasing trade between the region and the EU. It would be in the interest of the West African countries to concentrate more on processed (manufactured) products both for their production (economic/industrial policies reforms) and in the general framework of the trade negotiation with Europe.

The negative prospects for traditional products exported by Western African countries are worsened by the decline in world prices for constant world real prices for many of these products. Figure 6 illustrates the evolution by countries based on their respective traditional exports. The degradation has been continuous for all the countries between 1980 and 1999 (-47.3% on average) although the importance of this decrease fell between 1990 and 1999 (-22.5% on average).



Over the past 20 years, the decrease has been particularly important for Côte d'Ivoire (-67 %), Mali (-60.5%) and Togo (-60.1%) and relatively less significant for Liberia and Mauritania (-29.7%) whereas between 1990 and 1999 principally affected countries are Benin (-50.5%), Mali (-37.8%), Liberia (-23.3%) and Togo (-22.4%).

A major study provides estimates related to the prospects for non-traditional exports compared to traditional exports in the Western African countries and indicates that prospects for increasing exports are higher for non-traditional exports than for traditional exports.¹¹⁴ The policy implications of this are therefore clear for them and sustain the importance of shifting national production towards more processed and industrialized goods for the export. The prospects are particularly good in this regard for Mali, Senegal, Liberia and Ghana but not in Guinea – where it is negative – it seems however reduced for Côte d'Ivoire (mainly because of the disproportionate importance of cocoa) Nigeria and Benin. This estimate is based on the actual export structure of the countries. Therefore the important diversification of the most developed

¹¹⁴ Ng and Yeats (2002).

Western African countries (Côte d'Ivoire and Nigeria) is reflected in the narrow margin for important improvement, the national export structure being already oriented to more processed and manufactured products but also the remaining prospects for some precise traditional products where the country benefit from a favourable position on the world market (such as cocoa for Cote d'Ivoire).

Econometric evaluations have been undertaken that consider the impacts of an EPA between WEAMU and the EU on intra-WEAMU trade flows, trade flows between WEAMU and the EU and trade flows between WEAMU and the rest of the world.¹¹⁵ The results are summarized in Table 23.

Table 23. Change for WAEMU countries of intra-regional Imports, Imports from the EU, and from the Rest of the World with the implementation of an EPA WEAMU-UE.

after...	Change in total imports		Change in intra-WEAMU imports		Change in imports from EU		Change in imports from RoW	
	5 years	10 years	5 years	10 years	5 years	10 years	5 years	10 years
Benin	2.87	6.21	1.99	4.29	9.40	19.99	- 0.68	-1.25
Burkina	3.25	7.27	1.92	4.26	11.80	25.15	-2.10	-4.61
C.I.	4.89	11.04	3.05	6.83	12.40	27.29	-1.58	-2.97
Guinea	4.95	10.89	2.83	6.17	9.67	20.86	-3.95	-7.67
Mali	3.84	8.68	2.62	5.89	13.07	28.88	-1.00	-1.85
Niger	2.73	6.14	1.64	3.67	12.08	26.39	-1.86	-3.76
Senegal	6.06	13.73	4.16	9.33	13.38	29.74	-0.72	-1.08
Togo	3.13	6.75	2.00	4.30	8.94	18.92	-1.10	-2.10

Source: CAPE (2002).

This data suggests that the implementation of an EPA between EU and WEAMU will have important positive effect on both inter-regional trade and regional trade with the EU. However, this study is limited by the fact that it only considers exports from the EU to Western Africa as it considers the EU market to be open (99%) to West African products. The most important effect observed is on the growth in general amounts of imports from the EU – due to the decline of still relatively high and unequal tariff barriers that still exist in West African countries (with the exception of Benin, where the CET led to an increase of duties compared to the tariff applied *ex ante*).

¹¹⁵ Cellule d'Analyse de Politique Economique (CAPE). 2002. « Impact des Accords de Partenariat Economique (APE) et les scénarios d'ajustements préliminaires: cas de l'UEMOA », *Etude effectuée à la demande du Secrétariat général du Groupe des Etats ACP*, Cotonou Octobre. The econometric model is based on substitution elasticity of 0.97 between local production and total imports, of 0.52 between the intra-WEAMU imports and extra-WEAMU imports and of 1.85 between imports from UE and those from the rest of the world. The assumptions that underlie this effort point to substitution possibilities between imports from the EU and from the rest of the world being important, whereas locally-made goods being weakly substitutable by imported goods, as well as intra-WEAMU imports are also weakly substitutable by those from EU or the rest of the world.

Conclusions

In a context where regional integration is still not effective despite progress, and far from offering a sustainable market base for local production, moving from import substitution to satisfy a competitive and demanding regional market, as well as adding value to exports, will be difficult. The general thrust toward liberalization driven by the Cotonou and other agreements will likely produce a general trend toward specialization, within both the EU and West African countries. Most broadly, the decline agricultural exports where West African countries are globally uncompetitive into EU markets no longer protected for them should generate a relative decline in some agricultural sectors and a corresponding relative increase in light manufactures and services (including for example, tourism, financial services and other services such as call centers).

The discussion above indicates that the productive base will be impacted. In some sectors, where RCA is likely to be reduced, there could be contraction. In other sectors, where RCA increases, there might be expansion. It suggests that contraction could occur in the following sectors, *inter alia*: fixed vegetable oils, non-monetary gold, hides and skins, animal feeds, oil seeds, nonferrous metals and products and other traditional products. The economic assessment suggests that expansion could occur in the following sectors *inter alia*: textile fibres, fertilisers, coffee, tea and cocoa products, fish and fish preparations, metals ores and scrap, crude fertilisers, transport equipment, oil seeds, wood and cork manufactures and crude rubber.

These conclusions indicate that there are potential opportunities for growth in some sectors in Western Africa. One of these areas is textiles, along with fish and fish preparations, two sectors already identified as priority areas for sustainability in the region. Another area, where empirical evidence suggests there may be opportunities for growth, is in the production of fresh fruits and vegetables in the Soudano-Sahelian corridor (in the North of Cote d'Ivoire and the South of Mali and Burkina-Faso). Recent developments in exports of fruits (for example, mangoes from Mali) to EU markets demonstrate that a professional organisation can lead to an efficient multimodal transport combining road, rail and sea freight under non-stop cooling conditions from Mali to the EU to make such exports viable. More progress is likely to be made with privatisation of Malian airports and handling facilities which should improve management and lead to further investments in properly equipped freight airports close to the production zones. Development of exports might encourage the more efficient organisation of rail, road and air freight systems.

The discussion above also suggests that countries with the highest likelihood of negative export growth in traditional product are Burkina-Faso and Mali (the land-locked countries) and Togo and Benin (the 'warehouse States'). These are already among the poorest countries in the region and unless opportunities can be found to diversify their production, they appear unlikely to benefit from further liberalisation under the EPAs. Moreover, the studies cited above indicate that the most important effects will be observed with respect to increasing imports into West African countries from the EU. This is due to the decline of still relatively high and unequal tariff barriers that still exist in West African countries (with the exception of Benin).

However, the studies cited above indicate that it is unlikely that growing demand for the products alone will have significant positive impacts on exports from Western Africa given low levels of "export product" elasticity. The extent to which supply-side challenges can be overcome depend in part on the availability of adequate infrastructure for, *inter alia*, storage and transportation. This question is crucial for both fresh fruits and vegetables and, above all, for fish and fish products. The development of this infrastructure could be hampered by financial

constraints but also local, technical exogenous problems such as the unavailability of energy for these refrigeration, difficulties of respecting strict procedures, and potential delays related to poor transport infrastructure (both road and rail). Overcoming these obstacles is closely linked to the extent that flows of investment could be encouraged under the EPAs.

In this region, the combined scale and sectoral effects are likely to be felt most strongly in countries with no existing or prospective petroleum production and export. Here a broad shift could occur from agriculture to services and light manufactures and to a concentration on fewer agricultural products.

6.3 Linking economic impacts to social and environmental sustainability

Introduction

This section will examine the impacts on social and environmental sustainability of economic change induced by the EPAs. It considers social issues in conjunction with environmental issues because they are often so closely connected that is difficult to separate them. Moreover, an integrated approach that considers these issues together is considered more in keeping with a sustainability assessment.

This section applies, generally, the causal pathways identified in the framework, and focuses in a preliminary way, on some of the most important sectors identified in this report in terms of their potential impacts on sustainability and trade between the EU and Western Africa. This section will take into account the existing stresses, or lack thereof, in Western Africa, as highlighted in the sustainability “hot spots” developed in Section 3.1. For social issues, these include poverty and employment, migration and urbanisation, gender, and food security. For environmental issues, these include land (including desertification and degradation), coastal and marine zone degradation, deteriorating biodiversity and increasing urban air pollution.

Within the EU, both industrial and agricultural exports could decline as third parties gain more access to ACP markets. However given the vast size of the EU market, the very small size of their existing trade with ACP countries and the high level of social and environmental protection in the EU, social and environmental impacts within the EU are likely to be negligible in general terms. Therefore, this section focuses on potential impacts in Western Africa. There may however be particular communities in the EU where employment is dependent on industrial exports to ACP countries. Here well-targeted, affordable trade adjustment assistance could help mitigate any negative social effects.

Structural impacts in the economy, brought about by the contraction in a number of agricultural crops are likely to impact sustainability priorities. An overall decline in the agricultural sector could have an immediate impact on employment causing workers to leave the farm and rural areas in search of alternative employment in urban areas. Social impacts will depend heavily on whether better paid employment opportunities are available in expanding sectors and the behaviour of different actors in production, who tend to respond based on their immediate needs and levels of resources.

At a general level, the discussion above suggests an overall decline in exports of traditional crops such as cocoa, coffee, and vegetable oils. This could also have important impacts on rural areas of production where the social equilibrium is already fragile (especially in North/West

Côte d'Ivoire, one of the main centres of cocoa and coffee production). The consequences of such a decrease could be to encourage social instability and struggles for control over land and revenue sources, with specific ethnic and inter-generational problems linked to the exhaustion of rural resources.

Cocoa is among the most important traditional product that is very important in Western Africa and the dominant export of a number of countries. Some West African countries have the capacity to process the cocoa beans into higher value products, which could offset any decline in exports of cocoa beans. However, the discussion in the section above suggests that for some countries, despite the fact that cocoa is a "traditional product", there are opportunities particularly in Ghana, Togo, Guinea and Nigeria. Ivory Coast produces cocoa paste, cocoa butter, cocoa powder and even chocolate all of which it exports in varying quantities to the EU. Some processing capacity also exists in Ghana and Gambia, both of which export cocoa butter to the EU. The EU is the world's largest importer of cocoa (along with the Russian Federation) and there may be opportunities for further processing in some ACP countries, particularly the non-LDCs, to add value to the levels of exports flowing to the EU. This is particularly important as cocoa prices have been declining in recent years. Because of its importance to the region, in Western Africa cocoa plays an important role in rural development. However, expansion of cocoa plantations also contribute to deforestation. Therefore, from an environmental perspective, it could also be beneficial to improve the processing capacity in the region – by taking pressure off land, which is an important resource in Western Africa. Increasing rudimentary processing (cocoa paste, cocoa butter) could provide employment and a secure source of revenue to large portions of the population.

There may be issues of declining food security associated with contraction in key agricultural sectors. Increasing competition between local production and imported food products could induce important changes in the nature and localization of the production (for example rice as a staple food for a large part of the West African population) and therefore deprive some group of people to direct access to this basic foods product. This could affect food security which is aggravated by the processes of urbanization and migration that exist in Western Africa, which raise the challenge of feeding fast-growing populations in urban areas, where less people are on the land producing, yields are declining, and distances between rural areas and urban areas are increasing due, in part to increasing urban sprawl.

This is the case, for example for wheat and meslin, where imports from the EU compete with domestic cereal production. Increasing exports from the EU of wheat and meslin could have negative impacts on traditional cereals (displacement of local production). Wheat benefits from support in the EU, and local production in the ACP has difficulty competing. If ACP tariffs are lowered, these imports could increase and become even cheaper, further displacing local production. Where this discourages the cultivation of traditional cereals (such as millet) and an over-reliance on imports, there could be issues associated with deteriorating food security and loss of employment in traditional production. On the other hand, cheap imports of EU wheat contribute to the overall availability of food products, such as bread. The environmental impacts of production of traditional cereals will be important in determining potential environmental benefits or costs of this substitution.

Likewise, poultry is exported from the EU to Western Africa. Poultry is a commodity that benefits from high levels of producer support in Europe, which often makes it cheaper to import than to raise domestically. Poultry is an important agro-industry in Western Africa providing urban populations with an affordable source of protein. If tariffs are lowered, EU exports of poultry to the EU could expand further, which could threaten the domestic poultry industry in

Western Africa, which has implications for employment, for production for the domestic and regional market and for food security (nutrition). From an environmental perspective, more information is necessary to make a judgement about the potential impacts in this sector, but it may warrant further investigation as a result of the potential for important economic and social impacts that have been identified. This sector is also linked closely to the maize sector in light of the importance of maize in poultry feed. Therefore, any consideration of the poultry sector should include a discussion of its major input, maize, which also stands to decline if the poultry industry declines in Western Africa.

There may be issues related to food safety that could aggravate the lack of competitiveness of West African agricultural products. Trade liberalisation enhances competitions on some basic food products of West African countries that are therefore potentially in competition with basic agricultural products from other more competitive countries, both in the developed and the developing regions. Western African countries would, therefore, benefit from modifying their productive sector towards the production of more processed goods. The issue is the promotion and protection of the safety fresh and processed food products with the objective of improving public health of the local population. Indeed, food safety risks increase as the growing urban population modify its diets towards increase consumption of meat, fish, fresh produce and other perishable products. This issue is particularly important in Africa, because of the particular weather conditions (warm environment) and the inadequate refrigeration infrastructure further worsened by limited or degraded water supply and sanitation infrastructure.¹¹⁶

Another general, and cross-cutting issue is that of urban concentrations, which could well overwhelm environmental services (fresh water, sanitation, garbage collection) with attendant environmental risks. In rural areas, the decline in protected export production for EU markets offers the opportunity for land to revert to a more natural state with attendant increases in environmental supports and biodiversity. It may also offer an incentive to return to the production of local traditional crops and even develop niche exports markets for them as high-priced organic products abroad. In such cases, both social and environmental gains could ensue. However, where abandoned land is severely degraded it may not have the capacity to restore itself, and may become vulnerable to erosion and desertification.

In some countries offsetting trends toward monoculture and ecological stress on marginal lands could arise. Moreover, when economies concentrate on a few products, they become more fragile since they depend directly on few markets. This is specifically true for agricultural products, where the concentration on few products gives little margin of safety in case of a lowering of international prices. The ability of governments to deal with this migration-from-agriculture process will depend on their ability to generate new sources of revenue to replace those lost from tariffs.

A broad trend from agriculture to export-oriented light manufactures could bring about social and environmental gains if policies are put in-place to avoid the any problems arising from traditional export processing zones. An additional challenge will be to reduce tariff distortions so as to allow for further processing of goods based on raw materials where West African countries have a comparative advantage so that more of the value-added can remain at home. This will also require the modernization of transportation networks, including intra-regional and urban systems.

¹¹⁶ Jaffee S., R. Kopicki, P. Labaste and I. Christie (2003), "Modernizing Africa's Agro-Food Systems: Analytical Framework and Implications for Operations", *Africa Region Working Paper Series*, n° 44, The World Bank.

Cotton and textiles

Cotton producers in Western Africa are already operating under harsh economic conditions. They tend to be large parastatal companies in charge of support to cotton producers,¹¹⁷ providing seeds, agro chemicals, tools and selling the final products—both seeds and fibres.¹¹⁸ The cost of these parastatals is important and the farmers only get 25% to 30% of the world market price for their production. The price is not sufficient for the producers. The low world price for cotton is the result, in part of subsidies provided to producers in developed countries, an issue which has attracted considerable international attention. If this situation continues, it could result in the disappearance of cotton in West Africa, worsening the situation of thousands of people in the Sahel countries, despite the fact that the textile industry as a whole considers West African cotton to be a high-quality product.

Moreover, the section above suggests that export opportunities in traditional products, such as cotton are expected to decline in the future, although the economic discussion also suggests that there may be opportunities for some textile manufactures in Western Africa. Cotton production is a major sector from an economic perspective for most of the Sahelian countries in West Africa, and for Cote d'Ivoire. Typically cotton is produced by small traditional farmers whose farms are unlikely to be candidates for diversification because cotton cultivation is very damaging from an environmental perspective, and much of the land is severely degraded. This would make it very difficult, if not impossible to shift from cotton production to more profitable crops, at least in the short term.

Given the importance of cotton to the well-being of some of the poorest communities in Western Africa, any contraction in the industry could contribute to higher levels of poverty in these regions. Where workers are forced to leave their land, any contraction in the sector could alleviate pressure on land, but the environmental effects would ultimately depend on whether production was replaced with sectors that are more or less polluting. Moreover, if producers respond to increased competition from cheaper imports by trying to produce more in order to maintain their income levels, then this could lead to production on even more marginal land, and where available, even more intensive use of agro-chemicals and ultimately have negative impacts.

Declining incomes and loss of livelihoods can contribute to migration from rural to urban areas. This could have a positive impact by taking fragile land out of cultivation, but can contribute to environmental and social problems associated with urbanisation. However, more research is a need to assess the impacts of these dynamics. For example, reduced pressure on land can, depending on existing levels of degradation, help restore the soil and the natural vegetation. Where degradation is severe, abandoning land will simply contribute to erosion and desertification. Moreover, migration can put increased pressures on cities, but where there are structural economic shifts that present opportunities for employment in light manufacturing, such as textiles in urban areas, some of the poverty impacts might be addressed. These opportunities might ultimately be most significant for women.

This suggests that it is important to take advantage of any opportunities offered by the EPAs and increased liberalisation on encouraging growth in the textiles sector. Any modification in tariffs

¹¹⁷ Privatisation process is underway but for the moment only Benin has completed the privatisation process.

¹¹⁸ Seeds are used for edible oils and fibers are sold on the international market.

applied to textiles, and improved access to EU markets would provide cotton producers with domestic markets for their products, and provide the economic and social benefits that could come with developing the manufacturing sector in the region.

The EPA could also play a significant role in improving this situation by favouring local industries that could add value to raw cotton. The mechanism of the AGOA illustrates that opportunity. AGOA provides improved access to the US textile market for African textile products and has led to significant development of the textile industries in Africa—limited at the moment, primarily to South Africa. Western Africa is not competitive and cannot respond to the requirements of the US market in terms of regularity and quality and is not able to benefit from this agreement at present.¹¹⁹ The AGOA will soon impose the use of African or US raw materials which will lead to a further demand on West African fibres but also for by-products such as threads and unbleached fabrics. Threads and unbleached fabrics could be produced in West Africa in close proximity to cotton production, and add value to fibers. If and when this happens, West Africa will be in a better position to compete and to take advantage of the preferential access to the US market.

With respect to the price structure of cotton threads, for example, cotton fibre accounts for (40%) of the price followed by electricity (13%). The remaining costs are related to investment financing and labour. When transforming cotton *in situ*, the countries of Western Africa have an important comparative advantage over other non-producing countries that have to add the cost of transport of fibres which usually accounts for nearly 15% of total costs. The disadvantage in West Africa is the availability and cost of energy as well as the financial costs.¹²⁰ Despite these constraints, Mali has recently begun to produce cotton thread and will probably be followed by other West African countries and perhaps even countries in Central Africa.¹²¹

From an environmental perspective, typically the textiles sector is considered to be among those with the lowest levels of pollution intensity. Environmental pollution created from the textiles industry comes mainly from the discharge of waste water that can contain BOD, suspended solids, salts, sulphates, and toxic metals. Wastewater is produced in a number of processes including dyeing, chemical fibre production, wool washing, degumming and chemical fibre pulp production. The wastewater from dyeing is the key source of pollution, accounting for 80% of the total wastewater discharge in this sector. Therefore, the extent to which cotton fibres are dyed, will impact on their pollution intensity. Finally, environmental impacts in textile fibres are linked to environmental impacts of the production of inputs into the manufacturing process – namely cotton, which is typically produced using extensive irrigation and agro-chemical use.

In Western Africa, where cotton has traditionally been produced on a large scale for export, any expansion in the textiles industry could have positive impacts on the environment from the perspective of production of raw materials, as adding value to the raw cotton could produce the same, or larger economic gains, with lower levels of production, less water use, and the potential for taking marginal lands out of cultivation. The environmental impacts of production of textile fibres will depend on the location and production processes employed and the capacity to employ even rudimentary technology to promote energy efficiency or treat wastewater.

¹¹⁹ Attempts have been made in Senegal and have proved unsuccessful, Ghana might be in a better position.

¹²⁰ 16% pa in West Africa versus 2% pa in China.

¹²¹ Mali even decided to offer to investor a subsidised price (15%) for cotton fibre to counter balance the inconvenient of Mali (transport and price of energy).

Any shift from the production of raw cotton for export to the production of textile fibres could have mixed, but ultimately positive impacts on the population. The creation of a medium size spinning and weaving industry close to the production sites of raw materials of say 4000 tons/year capacity, will create more than 900 jobs in the region. Assuming that in rural areas in West Africa, one job means subsistence for ten persons, the social impact would be significant. The extent to which social gains are realized depends on a number of factors including, *inter alia*, whether or not the jobs are well paid, secure, conditions are safe for workers, there is access to training, and there are opportunities for women or other vulnerable population. If these trends lead to a diminution of cotton production, farmers could turn to more profitable export products such as cereals, fruits and vegetables, products they already farm in the dry season.

Tropical Fruits and vegetables

There may be significant opportunities for West African producers to satisfy markets for fresh tropical fruits and exotic vegetables in Northern Europe. Taking advantage of these opportunities could have significant impacts on small farmers by increasing and diversifying incomes, and providing entrepreneurial and employment opportunities in rural areas. It would also allow them to be better integrated into the national and international economy. Impacts on infrastructure would also be important through the necessary improvements to logistics in the region.

Any such production will have to comply with EU regulations concerning food safety and other SPS measures. Complying with these requirements may involve increased training for farmers and capacity for testing and certification of products, as necessary.

At present traditional exports of fruits and vegetables include mainly bananas (Cote d'Ivoire), pineapples (Ghana, Cote d'Ivoire, and Benin), green beans (Senegal, Mali and Burkina Faso). Bananas and pineapples traditionally shipped via sea freight while air freight is used for off-season green beans from landlocked countries. Bananas and pineapples are mostly produced by large plantations benefiting from significant levels of investment and modern technology. Vegetables are produced by small farm holders selling their products to middlemen. They are not connected to markets and they represent a vulnerable group traditionally relying on subsistence food crops and in this case on small cash crop farming.

The list of obstacles to overcome to improve exports of fruits and vegetables could be extremely long given, *inter alia*, the absence of adequate infrastructure, the lack of training, and difficult access to finance. Nevertheless some recent developments tend to prove the possibility of a change as demonstrated by the success in Cote d'Ivoire of diversification in the sector of non-traditional productions as diverse as papaya, baby corn and cherry tomatoes through the work of PROMEXA.¹²² PROMEXA supports Ivorian producers willing to diversify their production and provides an efficient support in terms of knowledge and contacts with EU importers. PROMEXA played a major part in identifying with the support of COLE ACP, what will replace bananas in 2006. The choice is papaya, a much profitable product with an important market potential in the EU.

¹²² Promotion des Exportations Agricoles, PROMEXA was first supported by a project co financed by CIDA (Canada) and the World Bank. The focus was to work on the feasibility of "non traditional agricultural exports" to diversify Ivorian agricultural exports while using the knowledge of EU markets through traditional exports (pineapple and bananas).

Even more impressive, is the unexpected success of Malian mangoes in EU markets was made possible through a very professional organisation of production, including acquisition of quality labels for Malian Mangoes. In this case it proved possible to use a multimodal system including road, rail and maritime transport to increase the competitiveness of the product previously only transported by air freight using available but uncertain capacity on passengers airlines.

This success story is of interest since 75% of the population of Mali live in rural areas and rely on agriculture as their major source of income. Moreover, Sikasso is in the heart of the cotton region where small farmers must find an alternative production to cotton in the dry season and additional source of income to counterbalance the reduced cotton world price. As part of these diversification efforts, mangoes have been favoured due to excellent agro-climatic conditions. The region of Sikasso became the heart of horticultural production supplying dryer parts of the country. Despite these favourable conditions the zone is still little known and undeveloped.

APROFA set up a pilot project with the objective of increasing market access for Malian mangoes.¹²³ The project reached its objectives and set up a system whereby local associations of producers are able to handle a multimodal (road, rail and sea) transport system where the fruits are pre-packed and kept in cool conditions until arrival at their destination, Rotterdam. Moreover, local farmers are now familiar with the importers' requirements in order to maintain the quality and life of the product (SPS measures). An efficient financial model is also in place including one of the major commercial local bank. At the end of the external support, APROFA is in position to expend its capacities as a broker, new investors from Senegal are interested by the project and despite present problems in Cote d'Ivoire, exports through Senegal are possible and profitable.

The case of mangoes in Mali is not an exception made possible through an "artificial" donor's project. In this case external assistance only played a catalyst role. The starting point of the development of exports of fruits and vegetables are:

- the demand for these products in Northern Europe (UK, Nordic countries, Holland, and Germany) which are very demanding but very profitable markets; and,
- the deregulation of air and sea transport allows lower costs of international transports.

As such, it appears that local and foreign investors will be increasingly interested in Western Africa as a supplier of EU markets not only for tropical fruits, but for off-season vegetables and even more common products such as tomatoes, shallots, and onions. Large companies previously invested in bananas in Cote d'Ivoire are now involved in producing fruits and vegetables in Senegal and Mauritania. Mauritania is their preferred target due to the proximity of EU and availability of excellent lands along the shores of the Senegal River.

Obstacles remain serious for the development of export and they are all related to the weaknesses of rail, road, port and airport infrastructure. The level of investments required is well over the capacities of private sector in most cases despite some interesting but still limited recent evolutions which tend to demonstrate the interest of FDI for infrastructure development in terms of transport (rail, airport facilities). Besides, the development of export of fruits and vegetables at a large scale need a high level of investment which is out of reach of most of existing African companies. If West Africa is confirmed as a potential interesting production

¹²³ Agence pour la Promotion des Filières Agricoles, a joint venture between Government of Mali and the Permanent Assembly of Chambers of Agriculture. With the support of World Bank and the technical assistance of a Canadian consultant firm, GEOMAR.

zone major companies from South Africa, Israel, the US will soon be the key investors in the sector.

These developments offer benefits for sustainability. Diversification into tropical fruits and vegetables would provide employment and income to among the most vulnerable populations in the region, including those populations that might be affected by decreases in demand for cotton. Moreover, developing the technical capacity to export these products, which are subject to stringent standards, could encourage higher levels of expertise and training among producers more generally, allowing them to consider other high value crops for export and develop local and national standards for food safety and other SPS considerations (i.e., plant health) and encourage the use of more environmentally friendly production techniques (particularly with respect to pesticide and fertiliser use).

Opportunities for growth in exports of perishables would have significant social impacts providing opportunities for entrepreneurial opportunities and job creation for fragile populations in little developed areas or as a solution for skilled workers from the banana sector. Farmers will improve their skills in respecting tight regulations and requirements of the final client. Moreover, such production could be geared towards niche markets and encourage more environmentally-friendly production practices to comply with demanding labels such as “Fair Trade” and “Organic”.

Finally, where these products replace cotton or bananas or other commodities grown on a massive scale on large plantations, they could maintain or improve income levels (given their relatively high value) while using less land, thereby taking pressure off any marginal lands that might be under production. For example, in Western Africa and Central Africa (in particular the Ivory Coast) banana production is typically carried out on large tracts of land using industrial processes. It is nevertheless, uncompetitive compared to Latin American production. As a result of the phasing-out of the Banana Protocol, and the inefficiency of West African production, the larger producers in these countries may also seek to diversify into higher-value production and could be better-placed to do so, given access to land and greater access to capital. Land currently used for banana production could be turned towards producing tropical fruits and vegetables, where there are growing markets in the EU. The social impacts of this would stem from maintaining employment, increasing income for producers, (which should result in higher wages) and improving food security (access to a wider range of fruits and vegetables with a high nutritional content). From an environmental perspective, this shift will depend on the production practices associated with producing new commodities, as compared with those associated with producing bananas. From the perspective of land use this diversification should not imply increasing clearance of land as existing banana plantations are large in the region, and fruits and vegetables are of higher value than bananas (which are among the cheapest fruits sold in developed countries). There may even be opportunities for land to revert back to its natural state, increasing habitat for biodiversity, but this depends on existing levels of degradation.

If such an option is considered in the context of EPA it must be accompanied by side supports in terms of transport, trade facilitation, training as well as improvement of logistics and cool storage. The development of the necessary infrastructure could also have environmental and social impacts.

Ultimately the development of this infrastructure could benefit consumers and society generally, providing access to a safer food supply and improved transportation infrastructure. It is particularly significant for rail and road transport since transport of fresh products under strict refrigeration conditions would impose organisation and investments on existing railways to avoid unnecessary delays and increase safety. On the other hand, the development of extensive

transportation networks will have impacts on land and biodiversity which will be contingent, in part, on the environmental vulnerability of the land and the extent of the biodiversity in the transportation corridors where they are likely to be located.

Fish and Fish products

Fish and fish products is an important sector in a number of countries in Western Africa including Guinea-Bissau, Mauritania, and Senegal. The section above indicates that there will likely be RCA in Senegal, Mauritania, Ghana, Guinea, Côte d'Ivoire and Togo—with the lion's share of the comparative advantage attributed to Senegal.

Where there is unexploited comparative advantage, there may be opportunities for expansion in Western Africa, in particular for processed fish (fish and fish preparations) where processing capacity exists such as Mauritania and Senegal as a result of growth in scale of trade from EPAs as a result of a more favourable trading climate, including increasing attention in the region on developing capacity to meet SPS standards and developing the infrastructure necessary to process more for export.

This could result in increasing employment opportunities on fishing fleets (both domestic and foreign). This expansion may have the effect of increasing catches and putting pressure on marine resources, potentially increasing marine pollution caused by fishing vessels. The extent of these impacts will be determined, *inter alia*, by the age and efficiency of the fishing fleet. Where there is already depletion in the resource, additional fishing to satisfy growing export markets could also lead, in the long-term term to deteriorating income and food security for coastal communities that rely on artisanal and small-scale fisheries to service local markets (and generate cash income) and for food.

However, the opportunities for expansion in Western Africa of processed fish (fish and fish preparations) exist where processing capacity exists such as Mauritania and Senegal. Development of this capacity could ultimately take pressure off the resources, provide employment and increase the value of exports. The pollution related issues associated with fish processing deserve further attention in this case, as do the types of jobs available, opportunities for women and other related issues that will ultimately affect sustainability. This should include attention to developing capacity to meet SPS standards and developing the infrastructure necessary to process more for export, and transportation infrastructure, that includes associated refrigeration concerns.

Hides and Skins and Leather

The discussion in the section above on possible economic impacts of an EPA suggest that there may be some contraction in the hides and skin sector, particularly in Mali. This could have positive impacts on the environment, although it could have negative impacts on the population – one of the poorest in the ACP to the extent that poor or vulnerable segments of the population with little education and training are disproportionately employed in this sector. The tanning of hides and skins and finishing leather is among the most polluting activities and these are among the most toxic industries based on the World Banks' ISIC Codes.¹²⁴

Pollution issues associated with leather production extend from the production of the raw materials (hides and skins) through the production chain. The process of converting hides to

¹²⁴ Hettige et al 1995.

leather end products includes the following stages: (a) production of hides; (b) chemical processing: liming/deliming, pickling, tanning, dyeing and finishing; (c) mechanical processing: cutting, grading, making-up, sewing; and (d) packaging.¹²⁵ Leather production has a propensity for high toxic releases of untreated effluents into soil and water – two of the most precious resources in the Sahel region of Western Africa. Most discharges occur during the chemical processing and can include wastewater that contains BOD, suspended solids, salts, sulphates, toxic substances, and in particular chromium. Solid waste can include chromium sludge from cleaning installations.

More information would be needed on the specific industry and industrial processes employed in countries such as Mali to assess the environmental impacts of any contraction in this sector. However, on initial consideration depending on what, if any, activity made up for declines in the hides and skins sector, the environmental impacts would almost certainly be beneficial, although ultimately it would depend on the production processes employed in that sector and its relative impacts on land and water, in particular. It is not clear to what extent the labour would be immediately transferable to other sectors. On the other hand, if the response to economic downturn is an attempt to produce more, in order to compensate for falling prices of other adjustments, the environmental impacts could be severe in this sector. Moreover, any benefits to the environment in Mali would almost certainly be offset in the region by projected expansion in the region in Senegal and Mauritania. Although the location of the economic activity and the production processes employed would need to be assessed in the context of a specific sector study in order to ascertain environmental impacts with any solid analytical fashion.

Transportation Infrastructure

Transportation infrastructure is a cross-cutting issue that affects virtually all the sectors in this region. Faced with important trends associated with urbanisation, for example, in some sectors a well developed infrastructure will be necessary to meet the challenge of meeting growing urban populations' basic needs such as affordable and safe supply of food and water. In some countries, food distribution chains may be inadequate to deal with the additional strains of having to supply increasing urban populations. Long distances, bad roads, and poorly maintained trucks can contribute to spoilage of significant amounts of produce. Where these and other services (such as storage facilities or slaughterhouses) are already under pressure, increased costs will be associated with investment necessary to produce and transport food safely over longer distances to service urban populations may be prohibitive.

Similarly, investment is necessary for countries to take advantage of increased opportunities associated with processing goods, such as "packaging and preserving" fish in Western Africa. Likewise in Western Africa, for some countries to take advantage of opportunities to diversify into higher-value fruits and vegetables, away from lower-value traditional commodities, significant investments in transportation, storage and refrigeration capacity may be necessary. For example, at present there are insufficient airports and low-cost (charter) air freight capacity out of Western Africa to allow for the widespread export of fresh fruits and vegetables.

Poor infrastructure, inadequate management practices and low productivity of inland transport and terminal equipment not only affect safety, but they affect freight costs.¹²⁶ The costs of

¹²⁵ FAO 1994 cited in WTO 1997.

¹²⁶ A 2001 survey conducted by UNCTAD of 50 African ports indicate that the private sector is involved in 76% of ports. The main reason cited for private sector involvement is the need to improve performance and quality of services, upgrading and enlarging infrastructure, and attracting investment. The impact of

freight have increased steadily for developing countries. Costs for developing countries generally have risen from 8.4% in 1999 to 8.8% in 2000. Within this general group, average freight costs for developing countries in Africa rose from 12.1% in 1999 to 13% in 2000.¹²⁷ In West Africa freight costs increased slightly from 1999 to almost 14%. Imports to the landlocked countries continued to suffer from high freight costs (between 16.2% and 27.6% in 2000), which primarily reflects inefficient transport organization and facilities, poor utilization of assets and weak managerial, procedural, regulatory and institutional systems, apart from overall inadequate infrastructure conditions. This poses a challenge for the land-locked countries seeking to take advantage of opportunities posed by further liberalisation with the EU.¹²⁸

In Africa, there is a pronounced need to improve air freight. A significant part of potential exports to the EU (fresh fruits and vegetables) requires an efficient air freight organisation. For the moment, with the exception of Ghana, air freight is marginal and uses spare capacity on regular passenger flights. In the Ivory Coast (before the coup) the Yamoussoukro airport was used as a freight airport for the region and resulted in reduction of 20% in the cost of air freight through chartered flights. At present, only Accra, in Ghana is in a position to offer such facilities and offers local growers the possibility to export high value products to EU markets. However, the development of new airports in the region, particularly to the extent that they are located close to already crowded urban areas could increase traffic and congestion, create noise pollution and contribute to declining urban air quality. At present this is not a major issue since most new airports are built far from urban centres.

The extent to which multi-modal transportation networks will bring environmental and social impacts that will depend upon the relative weight given to various forms of transportation. The development of extensive transportation networks will have impacts on land and biodiversity, destroying and fragmenting habitats. Moreover, the increased burning of fossil fuels will contribute to air quality problems, particularly in urban areas. To the extent that rail networks are preferred to road networks (trucking) the environmental impacts could be mitigated. With respect to international freight, increased volumes of marine freight could result in commensurate increases in environmental problems associated with coastal and marine zones, which are already acute in some ACP regions. The impacts of increasing shipping will depend, *inter alia*, on its geographic location, the adequacy and levels of the infrastructure for loading and unloading, the size and age of the fleets, the quality of management practices, the types of products transported and the adequate enforcement of national and international rules governing marine transport. It is possible that where countries apply a higher degree of processing to their exports, the volume of shipping may not increase and transportation costs could drop, as shipping processed goods is less bulky than shipping raw materials. The relevance of these variables, and the existence of others, deserve further attention, in particular because this development is critical to allow the countries of Western Africa, and in particular the poorest countries in the region take advantage of opportunities that might arise through the EPAs.

privatization on employment is mixed – one-third of respondents cited a decrease in job opportunities, one third no change and one third confirmed an increase in employment.

¹²⁷ UNCTAD 2002.

¹²⁸ High average costs of inter-regional and intra-regional transportation in the ACP land-locked countries also helps explain why intra-African trade between the east and west coasts is insignificant.

6.4 Fiscal Impacts

The global impact of trade liberalisation on government revenues is not always clear-cut. Import duties represented about 34% of government revenue in the African Least Developed Countries (LDCs) and 22 % for African non-LDC countries, compared to the developing countries average of 15%. Table 24 indicates that in the WEAMU, it ranges from 21.09% in Benin to 58.73% in Guinea Bissau.

Table 24. Customs duties as % of total fiscal revenues					
	1997	1998	1999	2000	2001
Benin	14.36	25.05	19.91	25.05	21.09
Burkina Faso	30.05	27.11	23.04	18.81	24.75
Côte d'Ivoire	37.10	35.33	35.92	31.64	35.00
Guinea Bissau	70.40	51.11	54.69	-	58.73
Mali	57.34	53.11	-	-	55.23
Niger	-	58.30	47.46	49.49	51.75
Senegal	-	42.83	37.68	32.63	37.71
Togo	26.28	25.54	23.66	23.06	24.63
WEAMU	27.04	37.57	30.97	27.85	35.77

Source: WEAMU Commission.

By reducing fiscal external barriers, trade liberalisation agreements generally induce important loss of public fiscal revenues. The level of this loss however depends of the fiscal structure of the state concerned and the mitigation of level effect (lower taxes inducing lower fiscal revenues) with the volume effect: trade liberalisation is supposed to enhanced international trade and therefore to increase the total volume of taxed trade operations. According to the economic theory, the first level effect (fall of revenues) is progressively compensated by the volume effect between the 3rd and the 5th year of fiscal implementation. According to the simulations CAPE (2002) in the table 25 below, the fiscal revenues lost is persistent and regularly increasing on the next 9 years after liberalisation (in 2008), thus indicating that the effect volume will not compensate at mid-term the level effect. The classical rationale would conclude that trade liberalisation has not enhanced trade flows ; however, in Western Africa, it is likely that trade the importance of informal cross border trade, that is however supposed to decrease with the lowering of duties but is sometimes superior to official trade, does not allow a volume effect large enough to compensate for the level effect. Therefore, the loss is ranging from 1.11 F CFA billions annually for Guinea Bissau to 52.69 F CFA billions for Côte d'Ivoire: on the average it is of 146.09 F CFA billion for WEAMU countries (Table 25)¹²⁹.

¹²⁹ These results are those of a model developed by CAPE (2002), based on the theoretic hypothesis of complete, uniform and progressive liberalisation on a ten years period.

Table 25. Fiscal Revenues Lost consecutive to EPA in WEAMU countries (F CFA billions)												
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Annual average	Cumul
Benin	1.99	4.05	6.18	8.40	10.69	13.07	15.54	18.10	20.75	23.50	12.23	122.2
Burkina	1.15	2.90	4.52	6.22	7.99	9.84	11.77	13.79	15.89	18.09	9.22	92.18
Côte d'Ivoire	8.27	16.93	26.01	35.51	45.47	55.91	66.87	78.36	90.42	103.09	52.69	526.8
Guinea Bissau	0.19	0.40	0.61	0.61	0.82	0.82	1.53	1.78	2.04	2.31	1.11	11.1
Mali	2.61	5.34	8.22	8.22	11.23	11.23	21.24	24.93	28.81	32.89	15.47	154.7
Niger	0.90	1.84	2.82	2.82	3.85	3.85	7.24	8.47	9.77	11.12	5.27	52.7
Senegal	7.44	15.27	23.49	23.49	32.14	32.14	60.94	71.59	82.82	94.67	44.40	444.0
Togo	1.01	2.05	3.13	3.13	4.25	4.25	7.84	9.12	10.45	11.82	5.71	57.0
Total	23.57	48.78	74.98	88.40	116.46	131.13	192.96	226.14	260.96	297.51	146.09	1460.9
Source : Simulations by CAPE (2002).												

Trade liberalisation measures could be implemented with some flanking measures that compensate the fiscal loss of the countries, as it has been the case for WEAMU Common External Tariff (CET). Table 26 below indicates the financial receipts of national WEAMU members States under the internal scheme financial compensation in 2001. The huge difference between countries is a first indication of the degree of dependency of each country towards fiscal resources based on international, here intra-regional trade.

Table 26. National Receipts under the WEAMU Financial Compensation Scheme	
Niger	4, 996
Mali	4, 000
Burkina Faso	3, 122
Benin	2, 578
Senegal	1, 519
Togo	958
Côte d'Ivoire	83
Guinea Bissau	40
Source : UEMOA, Rapport d'activité pour l'année 2001.	

On the other hand, various fiscal reforms could be implemented in order to replace the revenues loss induced by trade liberalisation agreements. The main suggestion are as follows¹³⁰:

- converting some Non-Tariff Barriers into Tariff (i.e. the 'tariffication strategy'), that is however in complete opposition to the trade liberalisation process ;
- a 'smoother' way to do this is to eliminate tariff exemptions (if any) ;
- reducing or eliminating exports subsidies ;
- modernising the customs administration as a mean of trade facilitation and also in order to improve tax collection ;
- implementing or developing others forms of taxation such as VAT if it does not already exists

¹³⁰ Fukasaku K. (2003), 'Fiscal Impact of Trade Liberalization: A Review of Recent Country Experienced in Africa', Ad-hoc Expert Group Meeting of UNECA in Addis-Abbaba (Ethiopia), 1-2 October.

Therefore, designing an appropriate trade-policy-cum-tax-reform is a key to maintaining tax revenues in the process of trade liberalisation. For example, in Burkina Faso as trade taxes (as well as grants) decrease from respectively 1999 and 2000, domestic indirect taxes and VAT share in the total government revenues clearly increased in 2000 and 2001 ; the same process occurred in Senegal in 1998 and 1999 before a stabilisation in 2000 and 2001 of trade taxes and grants just above 10 % each of the total government revenues, whereas VAT and Domestic Indirect Taxes levels account respectively for around 30 % and 40 % of total government revenues.

These reforms however requires (1) an important strengthening of of the national tax administration in particular in the information-related functions when dealing with taxpayers and in particular small businesses ; (2) the compliance with and effective tax collection ; (3) modernisation of customs procedures ; and (4) a regional co-operation scheme with others tax administrations. For theses reasons, trade-policy-cum-tax-reform are often designed (if not implemented) on a regional basis or at least on a regional cooperation basis.

- ***WEAMU CET impact on Public Finance***

Financial receipts of national WEAMU members States under the internal scheme financial compensation in 2001

Table 27. National Receipts under the WEAMU Financial Compensation Scheme	
Niger	4, 996
Mali	4, 000
Burkina Faso	3, 122
Benin	2, 578
Senegal	1, 519
Togo	958
Côte d'Ivoire	83
Guinea Bissau	40
Source : UEMOA, Rapport d'activité pour l'année 2001.	

The huge difference between countries indicates the degree of dependency of each country towards fiscal resources based on international, here intra-regional trade.

Finally, even if informal trade offers some social and political regulation mechanism, it is “*structurally incapable of re-integrating West Africa in the global economy*”. ‘Opportunistic activity’, facilitating trade, it also undermines manufacturing development, financial stability, infrastructure investment and public finance collect and control. The EPA process – in both its trade and development component – present an unique opportunity to build the appropriate framework of economic incentives and policy environment, combining strategic liberalisation with the necessary regulatory framework, for both developing the agricultural and industrial production in West Africa and reorienting the informal trade towards the formal economy. Given their importance both for local and regional economic and social development, a particular attention should be paid, to the principal ‘trans-border zones’ (or ‘borderlands’) where the main flows of intra-regional trade take place and that are the most likely to be impacted by the change of trade rules induced by the EPA process.

7 Policy Recommendations

The social and environmental effects of an EU-West African EPA are highly policy dependant with the individual countries, their regional associations developed country partners and international organizations all having defining roles to play. Because the existing non-reciprocal EU-ACP tariff preferences and three of the four commodity protocols of the Lomé regime will exist until the end of 2007, there is time to develop and put in place in advance ambitious mitigation measures, including those capacity-building measures required to meet trade-associated social and environmental objectives. Where policy recommendations are related to the trade negotiations, however, they are more immediate and will be implemented in the short term as the negotiations for an EPA with the countries of Western Africa have already begun.

7.1 Trade-Related Policies

Because one purpose of the exercise is to influence the EU-ACP EPA negotiations, one set of policies will be crafted that relate directly to the trade negotiations and address specific trade measures, where significant impacts are found to exist, and where these can be mitigated or avoided by adopting a particular negotiating position with respect to a certain trade measures, or by developing new environmental and social safeguards to include in the agreement. Given the focus of trade related policies, these are typically policies that will be implemented in the short term, although institutional arrangements that might be proposed could be implemented over the medium or longer terms.

This report has shown that for some ACP countries, there are a number of reform measures that should be put in place in order to mitigate any potential negative impacts of trade. This includes, *inter alia*, improving regulatory regimes, infrastructure and transportation networks. There may be some instances where liberalisation can be asymmetric, staggered and where markets for some products could be opened sooner and for some delayed. There may even be cases where some particularly sensitive sectors can be excluded (fully or partially) from liberalisation. The following policy recommendations are presented to indicate preliminary ideas that will be reconsidered, expanded upon and developed in further work.

7.1.1 Sector-specific measures:

- Encourage access to EU markets for semi-processed cotton products. This would have almost no impact on the textiles and clothing industry in Europe since most of the thread companies have relocated to the cotton-producing countries in Asia and Central Europe.
- Limit access to West African markets for worn clothes from the EU. This will have no impact on EU production but would facilitate the restructuring of domestic textile industries for local and regional markets.
- Familiarise producers with the requirements for accessing markets in organic production.

- Facilitate access to the EU market for tropical fruits and vegetables, including marketing support. This will have no negative impacts on EU producers since most of the products are tropical or exotic products or off season products that do not compete with EU production.

7.1.2 Customs specific measures:

Customs in West Africa have limited resources and expertise. The use of computers is recent and not yet complete. Ports and airports are favoured while border crossing is still difficult although road is the natural way of trading between neighbouring countries. Without improvements, effective regional integration is difficult and the impact of EPA will be limited. Measures could include:

- *Modernisation of West African customs administration.* This is necessary to ensure fluidity in cross border transport of goods and reduce/eliminate delays and unexpected and unnecessary additional costs. This is of particular importance for transport of perishable products; the EU system of regulation of road transport could be adapted to West Africa in order to establish clear and applicable rules.
- *Enhancing international/regional customs cooperation.* This would contribute to efficiency both of regional and international transport.
- *Simplifying, where possible, administrative requirements.* These includes those concerning SPS measures, for example, to make them as much as possible accessible to all categories of farmers and farmers associations.

7.1.3 Intellectual Property Rights Promotion and Protection

- Strengthening of Western African national legislation related to Intellectual Property Rights.
- Reforming the regional institutional framework and strengthening the harmonization between national judicial proceedings.

7.2 Policies to promote sustainability (including capacity building)

One of the purposes of the SIA is to develop policy packages to promote sustainability. That is, to help define, and provide input into policy packages being developed by the EU and by the countries of the ACP to accompany EPAs in order to ensure that the outcome of the negotiations contribute to sustainable development. There may also be opportunities to include provisions within the EPAs that although not directly trade related, will address priority sustainability issues analysed in this SIA, and directly promote sustainability. Policies to promote sustainability can be applied in the short, medium or long-terms.

The EPAs could induce significant changes in the structure of the West African economies which may be harmful if the countries are not prepared and there are not policies in place to accompany the EPAs. Lessons should be learned from the experience with SAPs, and policies should be put in place that aim at:

- *Diversification of the fiscal revenues sources.* This is necessary to balance the losses of custom taxation for the States.

- *Encouraging and supporting economic policy favouring more value-added production.* This would increase export revenues and avoid as much as possible exports of primary products dependant on international commodity prices. To fully benefit from increased access to external markets in the EU, it is necessary to engage into processing when possible and profitable. This development will take time since a prerequisite is the improvement of the business environment but it has to be nurtured.
- *Encouraging and supporting policies aimed at developing non traditional exports.* This can be done through efficient support structures and better understanding of market trends and requirement.

In order to be most effective, the trade related recommendations should be accompanied by additional measures, including the following:

Support investment to:

- develop and upgrade infrastructure for transportation;
- develop and upgrade infrastructure for processing;
- develop and upgrade infrastructure associated with the transportation of perishable products, including refrigeration;
- develop and upgrade infrastructure to handle municipal needs associated with increased urbanisation.

This can be done most efficiently by facilitating access to finance for private investors at both national and international levels.

Support capacity building initiatives

- *Trade associations, farmers associations and employers federations should facilitate the necessary evolution of their members.* Training sessions will have to be organised for different populations. These initiatives require expertise and funds. Expertise is available in Europe and such initiatives should be encouraged and co-financed when necessary. This kind of support should include trade missions in Europe for West African traders and farmers as well as visits *in situ* of EU potential clients and partners.
- *Adapted capacity building will have to be organised for women and small farmers* in order to improve their skills and allow them to be part of this change and be linked to the regional and international markets.
- *Support innovative information mechanisms.* These include those on adapted technology, for example, but also evolution of markets trends and requirement using existing media such as radio and television programs.¹³¹

¹³¹ In Kenya, green peas growers are constantly informed, by radio programs, of the evolution of prices on different market places in Europe and in the region.

8 Recommendations for further work

8.1 Increasing awareness

In West Africa, some work has already been done by civil society and private sector organisations. In ECOWAS Countries it would be useful to organise another workshop, similar to the one held in Dakar, aimed at Anglophone countries insisting on results obtained so far and the necessity to better assess particularities of Nigeria and its role in the region.

8.2. General Development of the in-depth SIA

The role of public finance

Some work has already been done to prepare the implementation of a common external tariff (CET) both at ECOWAS and WAEMU level in Western Africa. The importance of informal trade in the region is a major obstacle to efficiency of such resources. VAT does not seem to have reached expected targets with the exception of a few countries.

Trade Facilitation

Some export sectors such as agri business benefit from EU tools and organisation such as COLE ACP for access to EU markets, but nothing efficient seems to be available at the regional level. Data when existing is not updated and often not relevant. These are among the obstacles facing exporters in the region. There is a great deal of potential to encourage flows of trade between the EU and Western Africa as a result of increased attention to these and other issues associated with trade facilitation.

8.3 Focus on sectors

The in-depth regional SIA should continue to deepen analyses in chosen sectors that can either be negatively impacted by EPAs or could benefit from liberalisation. This includes sectors identified above that might be affected by the phasing out of the commodity protocols, be subject to increasing competition from the EU as a result of the lowering of ACP tariffs, or where there might be opportunities for countries in Western Africa to expand exports in existing products or develop new ones. Some sectors where there are opportunities are not well-developed, but the climate and other conditions in Western Africa lend them to further development. Areas of focus in Western Africa include the following:

- Fresh vegetables
- Tropical fruits
- Cotton
- Poultry
- Cocoa
- Bananas
- Rice

8.4 Focus on sub-regional groupings

The sectors that have been highlighted should be analysed in sub-regional groupings of countries to better understand the reality of trade flows and constraints and develop meaningful policy recommendations. The following four regional sub-groupings have been developed for this purpose.

- Nigeria and its neighbours, not only in West Africa but also in the East to Cameroon and CEMAC which will begin more in-depth treatment of Central African countries.
- Ghana and its neighbours, most of them being WAEMU, reasonably well integrated, but lacking its traditional leader in the Ivory Coast.
- Senegal and its neighbours including Mauritania and Gambia to better understand the impact of EPAs with a focus on fish and fish products, and opportunities provided by fresh vegetables and tropical fruits.
- Sahel land-locked countries to better understand constraints to a better utilisation of their resources.

8.5 Attention to Regional Integration

The importance of regional integration should be the subject of additional focus in the regional in-depth SIA. In particular, obstacles to overcome to improve regional integration should be assessed in West Africa and in Central Africa. Within ECOWAS, this should focus on improving trade flows among the countries in Western Africa (including road, rail, and air in the regional transport of goods), questions related to good governance (for example, corruption and the rule of law), and policies to enhance transparency and predictability so as to improve the climate for both local and foreign investment. The environmental and social implications of these issues should also be considered at the same time.

Annex: Preliminary Bibliography

Approdev (2002), “EPAs – What’s in it for Women? A gender based impact assessment study on ‘Women in Zimbabwe: Issues in Future Trade Negotiations with the EU’”. Brussels. November.

Balami H. Dahiru and Maidugu Asheikh (2000), *Trade, industry and public policy: theory and application*, university of Maiduguri.

Bayart, J-F, S. Ellis & B. Hibou (1999), *The criminalisation of the State in Africa*, International African Institute, Oxford ; Ellis S. & J. MacGaggey (1997), ‘Le commerce international informel en Afrique subsaharienne’, *Cahiers des etudes africaines* 145, 37-1, pp.11-37.

Benneh, G. (1997), ‘Indigenous African farming systems: Their significance for sustainable environmental use’, in E. A. GYASI and J.I. UITTO eds, *Environment, Biodiversity and Agricultural Change in West Africa*, United Nations University Press.

Benneh, G. (1990), Towards sustainable development: An African perspective. *Geografisk Tidsskrift*, 90.

Beye A., E. Adjovi, B. Awasi and M. Smith (2003), *Etude de l’impact du tarif extérieur commun et de son application dans la CEDEAO*.

Bodin JP, O Benon, AM GEOUGON (1998), *Rehabiliter l’administraton fiscale et préparer l’introduction du TEC*, IMF, sept.

Bundu A. (1997), “ECOWAS and the Future of Regional Integration in West Africa”, Regional Integration and Co-operation in West Africa, A Multidimensional Perspective, edited by R. Laverne, Africa World Press and IDRC, Ottawa.

Cabinet Fénéon, IPA and Afrique Initiatives (2003), *Etude des problèmes spécifiques rencontrés par les Etats Africains dans l’application de ADPIC et de leur besoin de coopération technique*, Paris.

Cellule d’Analyse de Politique Economique (CAPE), « Impact des Accords de Partenariat Economique (APE) et les scénarios d’ajustements préliminaires : cas de l’UEMOA », *Etude effectuée à la demande du Secrétariat général du Groupe des Etats ACP*, Cotonou octobre.

Chauveau JP (2003), ‘Crise foncière, crise de la ruralité et relations entre autochtones et migrants sahéliens en Côte d’Ivoire forestière’, *Conflits et Politiques de Développement dans les pays du fluve Mano et en Côte d’Ivoire : les enjeux de la stabilisation et de la reconstruction*, Paris 13-14 mai.

Cox R. (1997), ‘Economic Globalisation and the Limits to Liberal democracy’ in A. McGrew (ed.), *The Transformation of Democracy ?*, Polity Press and Open university.

ECOWAS (2000), *Comptes Nationaux de la CEDEAO*, Abuja.

Egg and Igwe (1993), ‘Market Driven Integration in the Eastern Subregion: Nigeria’s Impact on Its Neighbours’ Synthesis Report’, INRA/IRAM/UNB.

Egg J. (1989), *Disparités des politiques économiques et échanges agricoles régionaux en Afrique de l’Ouest*, INRA, octobre.

Egg J. (1991), *Commerce, politiques agricoles et intégration régionale en Afrique de l’Ouest, Scénarios pour une intégration économique par du marché céréalière dans le sous espace ouest*.

EIU (2003), *Country Profile : Nigeria 2003*, London.

EIU (2003), *Country Report : Côte d’Ivoire*, The Economist, London.

Fanchette S. (2001), *Désengagement de l’Etat et recomposition d’un espace d’échange transfrontalier : la Haute Casamance et ses voisins*, Autrepart, 19.

Frontières et Intégration en Afrique de l’Ouest website : <http://www.afriquefrontieres.org>.

- Fukasaku K. (2003), 'Fiscal Impact of Trade Liberalization: A Review of Recent Country Experienced in Africa', Ad-hoc Expert Group Meeting of UNECA in Addis-Abbaba (Ethiopia), 1-2 october.
- Hashim Y. and K. Meagher (1999), 'CrossBorder Trade and the parallel Currency Market: The Parallel Organisation of Trade and Finance in the Context of Structural Adjustment. A Case study of Kano, Nigeria', *Research Report n° 113*, Nordiska Afrikainstitutet, Uppsala, Sweden.
- Hoogvelt A. (1997), *Globalisation and the Post-Colonial World: The New Political Economy of Development*, Macmillan.
- Hurrell a. and N. Woods (1995), 'Globalisation and Inequality', *Millenium* 24(3), pp. 447-470.
- Jaffee S., R. Kopicki, P. Labaste and I. Christie (2003), "Modernizing Africa's Agro-Food Systems: Analytical Framework and Implications for Operations", *Africa Region Working Paper Series*, n° 44, The World Bank.
- Lall, S. (ed.) (1999) *The Technological Response to Import Liberalization in Sub-Saharan Africa*, London: Macmillan.
- Lambert A. (1994), 'Les commerçants et l'intégration régionale' in M.-C. Diop (ed.), *Le Sénégal et ses voisins*, Dakar: Esapces-Temps ; (1989), 'Espaces et réseaux marchands au Sénégal – les échanges céréaliers avec la Gambie et la Mauritanie', *Echanges régionaux, commerce frontalier et sécurité alimentaire en Afrique de l'Ouest*, INRA/UNB/IRAM.
- Lemarchand R. (1988), 'The State, the Parallel economy and the Changing Structure of Patronage Systems' in D. Rothschild and N. Chazan (eds.), *The Precarious Balance: State and Society in Africa*, Boulder: Westview Press ; Hoogverlt (1997), o.c. ; Reno (1998), o.c.
- Lynne Rienner; (1995), *Corruption and State Politics in Sierra Leone*, Cambridge: CUP.;
- Manzini J. et al. (1990), *Multinationals and development in Black Africa: A case study of the Ivory Cost*, Farnborough, Saxon House.
- Meagher K. (2001), 'Throwing Out the Baby to Keep the Bathwater : Informal Cross-Border Trade and Regional Integration in West Africa' in *Regionalism and Regional Integration in Africa*, Discussion Paper 11, Nordiska Afrikainstitutet, Uppsala, Sweden.
- Meagher K. (2003), "A backdoor to globalisation ? Structural adjustment, globalisation & transborder trade in West Africa", *Review of African Political Economy* n° 95 ROAPE Publications Ltd ; see also : *Concept note*, West African Borders and Integration web-site (<http://www.afriquefrontieres.org>).
- Ng F. and A. Yeats (2002), « What Can Africa Expect From Its Traditional Exports? », *Africa Region Working Paper Series* n° 26, The World Bank.
- Ng F. and A.J. Yeats (2000), "On the recent trade performance of the sub-saharan countries : Cause for Hope or More of the Same?", *World Bank Africa Region Working Paper Series*, n° 7, august.
- OCDE (2001), 'Une expérience d'approche locale de la coopération régionale sur le pays frontière S.K.BO avec une entrée par le coton et les organisations de producteurs ?', Note du Secrétariat du Club du Sahel, OCDE, Paris.
- OCDE (2001). *Profil économique et social des pays sahéliens*, Club du Sahel, Paris, février.
- OECD (1998). 'Pour préparer l'avenir de l'Afrique de l'Ouest – Une vision à l'horizon 2020'. Club du Sahel, Paris.
- OECD (2000), *Prospects for trade between Nigeria and its neighbours*, Club de Sahel. November.
- Onimode B. et al. (1983), *Multinational Corporations in Nigeria*, Ibaden, Skyraden.
- Pigato M. (2000), 'Foreign direct Investment in Africa: Old Tales and New Evidence', *Africa Region Working Paper Series* n°8, Nov., The World Bank.
- Reno W. (1998), *Warlord politics and African States*, Boulder, Colorado.
- Sader F. (1995), "Privatizing Public enterprises and foreign investment in developing

Sall E. & H. Sallah (1994), 'Senegal and the Gambia: the Politics of Integration' in M.-C. Diop, (ed.), *Le Sénégal et ses voisins*, Dakar, Espace-Temps

Shaw, T. (1990), "Regionalism and the African Crisis: Towards a Political Economy of ECOWAS and SADCC", West African Regional Co-operation edited by J. E. Okolo and S. Wright, Westview Press, Boulder.

Solignac-Lecomte H.-B. (1998), "Options for Future ACP-EU Trade Relations", *ECDPM Working Paper* number 60, August.

Solignac-Lecomte H.-B. (2000), "Les relations commerciales ACP-UE après Lomé : Quel 'partenariat économique' pour le développement durable ?", ECDPM-ODI, ICTSD, Libreville, 13-14 juillet 2000.

United Nations. 1998. *World Population Prospects, The 1998 Revision*, Department for Economic and Social Information and Policy Analysis, New York: United Nations.

World Bank (2003), *African economic Outlook 2002-2003*.

World Bank. 2002. World Development Indicators.

Young (1995), "A Project to be Realized": Global Liberalism and Contemporary Africa', *Millennium* 24(3), pp. 527-546.